



“Foreclosure Solutions”

***Know The Facts...
Get The Help You Need!***



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Introduction

Foreclosure Solutions

Know Your Options

The foreclosure process is a mystery for most homeowners facing such a difficult challenge.

- In this e-book we will provide information to enable you to understand the process and to take the action needed for remedy.

Chapter 1

Walking Away Will Cost You More!

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Walking Away Will Cost You More!

It's Never The Answer

If you have been advised to simply walk away from your home, often referred to as a 'Strategic Default', you should be aware this is really not a solution at all and will actually cost you more as compared to other alternatives.

Why Do Some Homeowners Think They Can Walk Away?

1. Their mortgage is more than the current value of their home.
2. They think their home cannot sell in today's market.
3. Their home is in need of renovation before it can be sold.
4. They have received ill-advised input from non-professionals.

What Are The Consequences Of Just Walking Away?

1. Foreclosure
2. Future credit hindered.
3. Credit score significantly suffers.
4. New employment issues.
5. Security employment issues.
6. Future loan approvals.
7. Bad debt collection.

Best Advice:

- **Choose To Discuss Your Situation With Your Lender**

You may be surprised to discover your lender does not want to foreclose and can offer solutions to your mortgage crisis.

Chapter 2

Your ‘5 Stay In Home’ Options

Chapter 2

Your '5 Stay In Home' Options

Lenders Do Not Want To Foreclose

They say knowledge is power and this certainly is the case when it comes keeping your home. In this chapter we outline the 5 options you have when considering how to stay in your home.

Option	Your Benefit
1. Refinance	Through refinancing you receive a completely new mortgage with new terms, interest rates, and payments. This may lower your monthly payments to a more affordable level which could allow you to remain in your home.
2. Repayment	You simply spread out past overdue amounts over whatever months the mortgage company agrees to extend. This 'spread out amount' is added to your existing mortgage. The result is, in time, your mortgage becomes current.
3. Forbearance	An agreement whereby your mortgage company agrees to reduce, or suspend, your mortgage payment for a specific time period.
4. Modification	An agreement whereby the mortgage company agrees to change the original terms of your mortgage. (Reduction in payment, loans terms, and interest rate.)
5. Deed-For-Lease	Allows you to transfer ownership of your home to your mortgage company. This is also known as a Deed-in-Lieu of Foreclosure. You are released from your mortgage. You can then rent your home from your mortgage company for an agreed period of time. (typically for 12 months)

Chapter 3

Side-By-Side Analysis

Chapter 3

Side-By-Side Analysis

If You Must Leave Your Home

You are not alone. Many homeowners are facing the very same challenge, with most deciding to pursue a Short Sale after attaining a short sale agreement from their mortgage company

Here is a quick overview of a short sale vs. a foreclosure.

Topic	Short Sale	Foreclosure
Primary Residence	You can apply for another mortgage in 2 years	You can apply for another mortgage in 5 years
Investment Property	You can apply for another mortgage in 2 years	You can apply for another mortgage in 5 years
Mortgage Application Disclosure	You have no requirement to disclosure a short sale	You must disclosure a previous foreclosure
Credit Score Impact	Lowers score 50 to 100 points with 2 year impact	Lowers score 200 to 300 points with 3 year impact
Credit History Impact	Not reported and has no specific impact	Is reported and has 10 or more year impact
Deficiency Obligation Impact	Bank may release you from deficiency amount.	Bank has right to seek deficiency amount.
Deficiency Obligation Amount	May be less due to faster sale & lender approval.	Tends to be more due to increased time & expense
Present & Future Employment Impact	Short sale is not reported & therefore not an issue	Employers check credit and may cause issues

Chapter 4

Tax Consequences

Chapter 4

Possible Tax Consequences of a Short Sale & Foreclosure

Please Consult An Expert

Your real estate agent is NOT an expert when it comes to the tax consequences of a short sale. For this reason you must consult an accountant or seek legal advice to fully understand all tax considerations.

The Mortgage Forgiveness Debt Relief Act of 2007

The US government has updated tax laws with respect to foreclosures. Here is a brief summary of the December 11, 2007 update.

- The Mortgage Forgiveness Debt Relief Act of 2007 generally allows taxpayers to exclude income from the discharge of debt on their principal residence. Debt reduced through mortgage restructuring, as well as mortgage debt forgiven in connection with a foreclosure, qualify for this relief.
- This provision applies to debt forgiven in calendar years 2007 through 2012. Up to \$2 million of forgiven debt is eligible for this exclusion (\$1 million if married filing separately). The exclusion doesn't apply if the discharge is due to services performed for the lender or any other reason not directly related to a decline in the home's value or the taxpayer's financial condition.

Recommendation

We urge you to consult with a legal advisor and/or accountant with respect to the tax implications of a foreclosure.

Chapter 5

Summary & Recommendations

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Summary & Recommendations

Seek Additional Help

1. About Your Finances

- Have you given thought to credit counseling?
- Have you sought advice from your bank?
- Have you a contacted your accountant?

2. About Your Legal Options

- Have you contacted an attorney?
- If so, did you discuss other legal ways to maintain your home?

3. About Your Home

- Have you contacted a real estate professional?
- If so, have they provided you with an opinion of value for your home?

Consider Contacting An Agent

The real estate professional providing this informative E-book can assist you during this difficult process.

At the very least you ought to request a CMA to discover the value of your home in today's market.

Such service is free and without obligation.