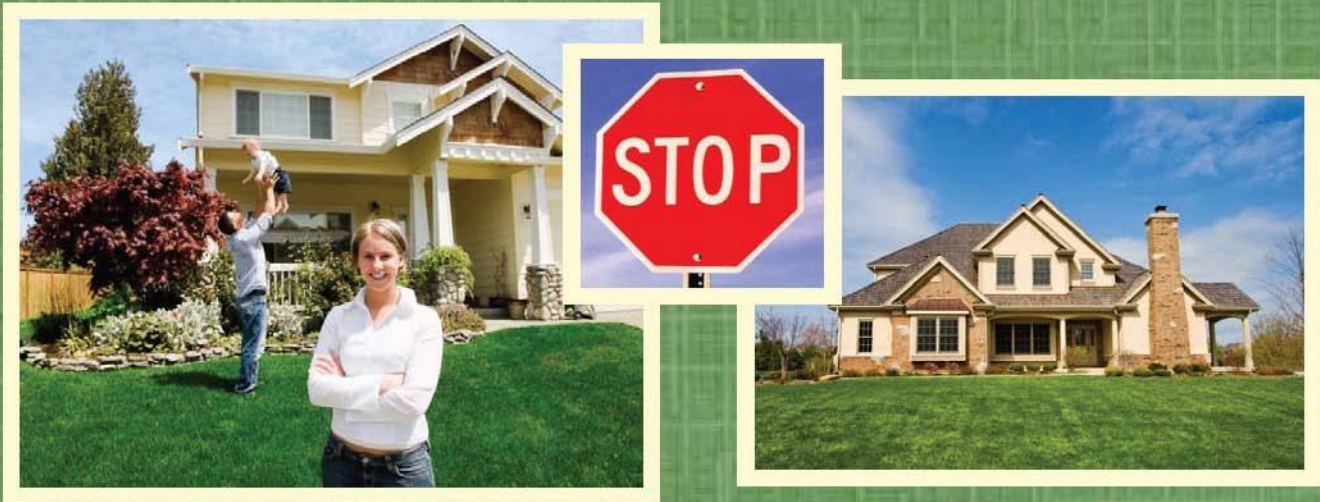


8 Ways to Stop Your Foreclosure

“In Today’s Challenging Economy”

Foreclosure Prevention Guide



StopForeclosureCT.com

Foreclosure begins when a Homeowner is unable to make their mortgage payments on the scheduled time. When a Homeowner has challenges repaying the debt on their property, “foreclosure” is the legal action the Lender takes to repossess (take back) the property in order to repay the loan.

If you’ve fallen behind on your mortgage payments and your Lender has been unsuccessful at collecting your outstanding balance, the Lender will start the foreclosure process with a formal demand for payment letter. This letter is referred to as a Notice of Default (NOD). This notice is a threat to sell your property, terminate all your rights in that property and evict you from the premises. If you allow your property to go into foreclosure, you’ll be forced to move out of your house. Furthermore, if your property is worth less than the total amount you owe on your mortgage, a “deficiency judgment” could be pursued, meaning you would not only lose your home, you also would owe your Lender additional money!

Avoiding Foreclosure

There are many life-altering circumstances that cause a person to fall behind on their mortgage payments such as loss of a job, divorce, medical bills, interest rate increase, loss of a loved one, etc.

There are few things more disheartening than losing a home to foreclosure. Unfortunately, right now there are millions of Homeowners all across the country just like you who are facing foreclosure. But you must understand you DO HAVE OPTIONS to avoid having a foreclosure on your credit record and possibly losing any of your hard earned equity. You can stop your foreclosure and get on with your life. To help you avoid a foreclosure situation, we've designed this guide to arm you with the knowledge to make the best decisions possible concerning your property.

#1. Bring Your Mortgage Current

If you are able to make up all of the back payments as well, as any fees that have been added as a result of the foreclosure filing, to bring your mortgage balance current the foreclosure proceedings will immediately be stopped! Bringing your loan current is the best way to stop the foreclosure process. From the time the Notice of Default is served, you are entitled to 90 days to fully reinstate your loan and stop the foreclosure.

*"I had a very complicated Real Estate problem whereby I owed much more than my house was worth and as a result could not sell the property myself. You were able to actually negotiate my debt down with my mortgage company. I never thought I had options until you proved to me that you could stop my foreclosure and get this huge burden off my shoulders. Thank you!
Chris C., Home Seller*

#2. Re-payment Plan

If you can't gather the entire amount due to completely pay off your outstanding mortgage balance, but you have been able to "right the ship" and are now able to make your mortgage payments in full and on time moving forward, you can negotiate a re-payment plan directly with your Lender that will allow you to bring your mortgage current by paying off your past due balance (arrearage) over time. Often you'll find that your Lender may be willing to arrange an increase in your monthly payments, so that you will pay your normal mortgage payment plus an additional set amount to be put toward your overdue balance until your outstanding balance is completely repaid.

#3. Loan Modification

Your Lender may be able to arrange a "Loan Modification," a formal written agreement between you and the bank that may reduce, suspend, or pause some of your monthly payments based upon your financial situation. For this period of time you would either pay just a portion of your normal mortgage payments or not make any payments at all. You may qualify for this if you have recently experienced an involuntary reduction in income or an increase in living expenses. You will be required to provide information to your Lender to show that you would be able to meet the requirements of the new payment plan.

#4. Re-Finance Your Loan

If you have a good deal of equity in your home, good credit, and you are not too far behind on your mortgage payments - refinancing may be a viable option. Your Lender will need to assess your financial situation to determine if refinancing is possible. If your Lender determines you can re-finance, they usually would combine your existing loan and any late payments and fees, to refinance that sum into one mortgage. If it is feasible, refinancing to a fixed rate, lower cost loan can really benefit you. However, for most Homeowners who have very little equity in their home, it becomes very difficult to refinance.

#5. Sell Your House

If you have equity available in the property (if your property is worth more than the amount owed on the mortgage), selling your home could help you avoid losing valuable equity to a pending foreclosure.

If you aren't able to bring your mortgage current, selling your property can quickly help you stop the foreclosure and avoid all the hassles and fees that build up if you allow the foreclosure proceedings to continue.

You can either list your property with a licensed Real Estate Agent that specializes in the pre-foreclosure industry or you can sell to a cash buyer investor, whatever you prefer. Either way, make sure you do your due diligence with both parties and make sure they both can perform like they typically say they can!

#6. Short Sale

In today's real estate marketing many Homeowners are overleveraged (the amount they owe on their mortgage is more than the home is worth), making it very difficult to sell the property. During a short sale, the Lender agrees to discount the balance due on the loan as a result of economic or financial hardship on the part of the borrower. In other words, you sell your property to a third party Buyer for less than what you currently owe on the loan; the proceeds are turned over to the Lender.

Short sales are processed through the Lenders Loss Mitigation department. Typically, Lenders do not accept short sale offers until after a Notice of Default has been issued on the property however; more and more Lenders today are entertaining short sales when Homeowners are current on their mortgage(s).

The Lender has the right to accept or reject any proposed short sale. There are many circumstances that effect whether or not banks will discount a loan including the Homeowners' ability to continue their mortgage payments, the current market value of the property and the amount the Buyer is offering. Often a bank will choose to allow a short sale if they believe that it will result in a smaller financial loss than foreclosing on the property.

#7. File Bankruptcy

Bankruptcy should be the last alternative or option and should not be used to stop foreclosure unless you have no other option or you need the protection of a bankruptcy due to other circumstances or situations you are currently up against. Financial stress can leave a Homeowner facing foreclosure feeling overwhelmed and looking for a “quick fix.” But it’s imperative to understand that filing Bankruptcy will merely put a Band-Aid on your problem, it will not stop the bleeding. It is a temporary solution that should be used as the last possible resort.

Most Homeowners have the possibility of filing two different chapters (types) of Bankruptcy - a Chapter 13 or a Chapter 7. Under both Chapter 13 and Chapter 7 bankruptcy, the Homeowner is entitled to an automatic stay - or pause - in foreclosure proceedings. An automatic stay forces all of your assets and debts to “stay put” and pauses all creditor proceedings.

Chapter 7 bankruptcy provides for the total discharge and liquidation of debts. All of your assets are frozen. The debtor can’t buy anything, sell anything or give anything away. Even if the house is not included in a chapter 7 bankruptcy, the stay granted by the filing of the bankruptcy will apply to the mortgage and the foreclosure action. If the Homeowner can then bring the mortgage current, then the foreclosure action goes away. If the mortgage payments are not made while in bankruptcy protection, banks will then ask the bankruptcy court to release the property from the automatic stay so they may continue with the foreclosure process. Once the property has been released from bankruptcy protection, the foreclosure process starts right where it left off. Typically you have anywhere from 3-5 weeks until the foreclosure process begins again.

Many people think that if they can discharge their other debts, then that will free up enough money to get caught up on their house payments and stay current. Unfortunately, more often than not, that is not the case.

Chapter 13 bankruptcy is designed to reorganize debts in an effort to repay all debt. It’s basically a Court-supervised and Court-monitored repayment plan where the debtor provides the Court with a listing of all of their debts and a budget for their monthly needs. The court reviews the debt, essentially consolidates it, and determines the amount that you’ll have to pay to the court every month for the next 3-5 years to pay off the debts. As long as the Homeowner stays current with their payments and pays the amount agreed upon to the court, the arrangement continues as scheduled. If at any time payments are missed, the trustee overseeing the bankruptcy will dismiss the bankruptcy and the foreclosure process will begin

again. Fact is, less than 10% of all people who file a Chapter 13 Bankruptcy ever successfully make it through to the end of the Bankruptcy.

Most people who file Bankruptcy to save their home from Foreclosure wish they had not because in most cases they are in a worse position than when they started. Filing a Bankruptcy is the only adverse event that lasts longer on an individual's credit report than a foreclosure action.

#8. Deed in Lieu of Foreclosure

A "Deed-in-Lieu" is also known as a "friendly foreclosure." It's a process by which the Homeowner, failing to make the mortgage payments, hands over their property to the Lender. By voluntarily transferring ownership to your Lender you are forfeiting any right to defend yourself against a potential "deficiency judgment".

**We Look Forward To Helping YOU Make The
Right Decision About Your Home.**

Contact us today and we can assist!

860.571.0568