

# SAVE YOUR HOME

FROM

# FORECLOSURE



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# Foreword

Although this is not the most ideal of situations, for the savvy investor this type of property procurement is definitely more beneficial. As for the home owner in question although the entire experience of the foreclosure can be a nightmare it is still a better option than being declared a bankrupt.

## ***Save Your Home From Foreclosure***

# **Chapter 1:**

## ***Understanding Foreclosure Basics***

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### **Synopsis**

The upside to foreclosures would be that the shrewd investor would be able to capitalize on this type of property procurement and the seller who is in dire straits will be able to get rid of the property fairly quickly so that no further debts are incurred. As for the downside, it is obvious that the property is already undergoing some problems financially thus there is no question about the possible risks involved which in this case could be comparatively higher

## **The Basics**

The three types of foreclosures would be as listed below:

Pre-foreclosures are at the stage where the investor is likely to be able to relieve the distressed homeowner of any further dealings with the property in question. Here the property owner's credit rating can be saved from further damage when the transaction to take over the property commences.

Foreclosure stage is where the property position has already reached dire conditions thus gaining the attention of the courts. After judiciary interception, the property is now ready to be auctioned off to the highest bidder. These bids are characteristically much lower than the actual market value of the property as the financier is basically only interested in getting back the initial investment plus interests incurred.

Post-foreclosure is basically the very last stage where the lender has already taken control of the property. This is of course very distressing for the home owner but there is now no longer any form of recourse or possibility of avoiding a poor credit rating beside the obvious loss of property.

# **Chapter 2:**

## ***Ways To Save Your House***

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### **Synopsis**

For everyone owing a home is part of the ideal dream scenario, and no one really expects to lose it because of the inability to service the loans or house mortgages. However of late there have been documented ways and tips on how to avoid having the home reposed.



## **Some Tips**

The following are some of the tips that should be considered in the quest to retain the said property that is about to be foreclosed on:

- Approaching the finance house or the bank, where the mortgage was acquired from, to renegotiate the terms of the original mortgage would be well worth the effort. In most cases the lender would appreciate such initiatives taken by the borrower thus the willingness to try and accommodate the request.
- If the home in question is found to be too big then the individual should consider downsizing or at least subletting some parts of the house to create a viable income source to help pay towards the mortgage. Renting out the basement or garage space or even rooms would be an option worth exploring. Although it may not be very feasible but for the sake of being able to retain the property the home owner may want to consider actually sharing the home with another family. This may not contribute to an ideal arrangement but it will contribute to helping toward servicing the mortgage.
- If there are assets that can be sold for a good amount of money then this also should be explored and if found to be viable it should then be executed at the soonest possible opportunity. This money can then be used to service the mortgage.

Exploring the possibility of getting an outsider to co sponsor the mortgage is also possible. With this sort of help the mortgage payment can continue without interruptions thus allowing the home to remain within the owner's possession.

# **Chapter 3:**

## ***When To Give Up Your House?***

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### **Synopsis**

Sometimes when it seems all that the individual is doing is fighting a losing battle, it would be considered a good time to start thinking about selling up and cutting one's losses. Several reasons contribute to such needs but all the same the decision to sell, if the inevitable decision.

## **Have A Look**

One of the situations that would merit this drastic decision would be when the owner of the property is consistently falling behind in the mortgage payments. There would seem to be no point in trying to hold on to the property from an economic point of view. This is especially so, if the owner is unable to get the lender to redesign the mortgage package to a reduced payment scheme, based on the allowances allocated in the Home Affordable Modifications program. Even when this has been considered and the owner is still probably unable to make the mortgage payments the best recourse action would be to give up the property.

Another instance where a sale would be better than holding on to the property would be when the value of the said property has dropped considerably. This is especially so, when the property has dropped to over 25% of the original sum paid for. When this situation prevails, the owner would have to hold on to the property until it goes up the said 25% just to break even.

There are times when it is possible to actually purchase a house without or comparably without a down payment, and even if this was the case for the home owner, holding on to the property would not be a wise decision to make. The owner would have no equity to being with thus giving up the house would not be so difficult as the losses incurred up to this point would not be much.

# **Chapter 4:**

## ***Battle Against Foreclosure In Court***

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### **Synopsis**

Losing a property in any way is a nightmare and losing it to a foreclosure is no different. However with new developments it would seem that the home owner does have some options open and recourses available to explore in the quest to battle against the foreclosure exercise in court.

## **In Court**

When the situation seems to point towards a possible foreclosure exercise as being the eminent and very real result of the inability to keep up with the mortgage payments, the decision to act should be seriously considered. The action to act may take the form of personal representation in court to plead out the case and stop the foreclosure exercise from unfolding.

There are several groups and resources that can be tapped into to gain as much information as possible on how to go about personal representation on this issue of foreclosure. This is especially helpful when the owner does not really have the funds to deal with a long and tedious legal wrangle in court.

Helpful information can be acquired of the internet and a good research exercise will help to prepare the owner with all the relevant argumentative points.

Another way of stalling the foreclosure probability is to put the pressure on the government authorities in the area. An example of which can be witnessed in quite a few areas where the foreclosures have resulted in decent and valuable properties being left to be stripped by unscrupulous people.

This is mainly because the lender who initiates the foreclose process where the owner is finally evicted, does not follow through

on maintaining the said property, thus leaving it to the mercy of vandals and others who strip the home bare. Therefore presenting and fighting a case that portrays such negligence may help the owner battle against the fore closure eventuality..

# **Chapter 5:**

## ***Beware of Foreclosure Scams***

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### **Synopsis**

When desperation is the order of the day, a lot of people start grabbing at any and every possibility that present itself in the hope of keeping the creditors at bay, and this would also apply to keeping the foreclosure exercise from unfolding.



## **Beware**

Some of the seemingly popular forms of assistance, offered to those facing foreclosures are listed below:

- Foreclosure scammer systematically study cases where the owner is now at a desperate stage where there seems to be no relief or recourse in sight. This is when the scammers will offer to provide assistance in the form of guarantees to save the said property from undergoing foreclosure for a fee. This fee will supposedly be for the services rendered in getting the lender to abandon the foreclosure exercise and seek to negotiate a deal with the owner. In all cases the scammer will claim to have direct access to the lender thus the probability of making good on the promise is perceived as high indeed, to the desperate owner facing foreclosure.
- Another popular scam is where certain parties will approach the desperate home owner and encourage the owner to sign documents in exchange for the promise of help. Some of these documents may include the signing over of the deed to the house that the foreclosure exercise is acting upon. For the desperate home owner who is already at wits end, a promise of help through the seemingly simple signing of documents can be looked upon as a relief of sorts. However should the home owner take up this offer it would actually mean that the owner would have signed away all rights to the property, thus

eventually leaving the owner with nothing at all. In some cases the owner may be stuck with still having to clear some outstanding debts incurred through the mortgage taken.

# **Chapter 6:**

## ***Reform Your Personal & Business Credit***

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### **Synopsis**

The credit ratings of an individual is a very important part of the adult life especially if the said individual intends to make purchases that require short term loan or long term loan assistance. Therefore it would be prudent, to ensure the credit rating are kept at a positive platform as much as possible and any shift in this toward the negative should be addressed at the earliest possible time.

## **Great Info**

Most people tend to assume that by paying bills on time, keeping up with the mortgage payments, ensuring all business transaction that involve the exchange on money is done properly and any other forms that require the exchange of money is done without the probability of incurring debts, is a sufficient enough way to ensure excellent credit rating both on a personal and a business platform.

However this is not always the case as there are many other factors that can just as effectively contribute to the reform of personal and business credit.

Keeping the business entity credit rating separate from the personal credit rating, is something that every business owner is advised to do by financial experts. This is an effective way of ensuring the personal credit rating is not affected by any negativity caused by the financial position reflected in the business credit rating. It should also be noted that certain payments made to establishments such as banks, credit card companies, utility and phone companies to do necessarily feature in the credit ratings, thus being diligent in these areas may not benefit the credit ratings given as may be perceived by the individual.

If there are discrepancies found in the reports drawn up by credit rating entities, the onus is on the individual to address and have this

information rectified as soon as possible so that the wrong information would not eventually end up causing problems for the individual.

# **Wrapping Up**

Having all the information you can have about foreclosure is a good place to start. In this book, we have given you a good beginning.