



# Mortgage Troubles?

**There are dignified solutions to foreclosure**



**A** lot of today's struggling homeowners made all the right moves. They took a reasonable loan for an affordable mortgage, and were then hit by the unexpected: their employer cut benefits or laid them off due to the constricting economy; a surprise expense changed their budget plans; their financial investments took a turn for the worse; the list goes on.

These kinds of homeowner situations aren't usually the ones we hear about, but they are everywhere.

## SPECIFICS

A **short sale** is when the lender agrees for the property to be sold at a price lower than the mortgage balance owed. A **deed-in-lieu** is when the lender receives the house deed in place of the mortgage balance, although in some cases the lender will still pursue the homeowner for the leftover mortgage balance, which is called a deficiency judgment. A HAFSA short sale or deed-in-lieu prohibits the participating lender from pursuing a deficiency judgment.





That's why I am sharing the news with you about options that are available to distressed homeowners.

With the new Home Affordable Foreclosure Alternatives Program, or HAFA, you may be eligible for a \$3,000 incentive to avoid foreclosure by pursuing a short sale or deed-in-lieu.

The first part of assessing someone's current mortgage situation involves seeing whether they can modify their loan and lower payments to an affordable level. This route does work for some, but an important thing to understand is that mortgage modifications almost never lower the principle amount owed on the loan, only the interest.

## SPECIFICS

The financial implications of short sales, whether HAFA short sales or not, are always less severe than the implications of foreclosure. Your credit score, credit history, employment applications, and future chances of acquiring a loan all benefit from completing a short sale rather than being foreclosed upon.

This means that a mortgage modification will only help those homeowners who are just out of reach of making their payments, which is unfortunately not the case for most distressed homeowners. With a financial hardship as impactful as a job loss or a major drop in financial assets, tweaking the interest rate on your loan is usually not enough to make the mortgage affordable.

If we find that you are in a situation that would benefit from a mortgage modification, I can show you the best way to pursue this route. If not, then a short sale may be your best option, and HAFA makes that option even more appealing.

In addition to offering the \$3,000 incentive for a successful short sale, hafa holds the lender to a set timeline so that the transaction doesn't drag out unnecessarily. This lessens the chance of being foreclosed upon in the middle of the short sale process.

A select few lenders and mortgage servicers may not participate in the hafa program. But despite this, a lender

almost always loses more money in a foreclosure than in a short sale or deed-in-lieu. If a lender is convinced that a homeowner has no way of paying the current mortgage, they will be concerned with salvaging as much of their investment as possible, so short sales are generally the best option for them as well.

If your lender is participating in HAFA, there is a set of criteria you must meet to be eligible for the program. To find out your eligibility and lender's participation, please contact me.

As a CDPE-designated agent, I have been trained in the full range of options available to distressed homeowners. I can assess your situation, help you figure out your best options and help you move towards a solution.

I have invested myself in helping homeowners who are struggling with mortgage payments because I understand the unusually challenging times we are in, and I'm ready to help as many people as I possibly can.

## DO YOU QUALIFY FOR A SHORT SALE?

Do you have ...

- Financial Hardship:** severe illness, military service, insurance or tax increase, etc. (Ask me for full list of acceptable hardships)
- Monthly Shortfall:** business failure, job loss, wage reduction, divorce, etc.
- Insolvency:** you currently owe more money than you have, or you are about to reach that point

Checking these boxes means you may qualify for a short sale.

