

Options for Homeowners to Avoid Foreclosure



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**DEMETRIA'S
TEAM**



www.GoDemetria.com

Demetria Chadbourne is a Certified Distressed Property Expert® and has a wealth of experience helping homeowners avoid foreclosure. Call Demetria's Team today and we can discuss the following options to avoid foreclosure:

- Reinstatement:** Homeowner requests the total amount owed to bring mortgage payments current and pays it.
- Forbearance or Re-payment plan:** Homeowner negotiates with the mortgage company to allow them to repay back payments over a period of time.
- Sell the Property:** Homeowner with sufficient equity lists their property with a qualified agent that understands the foreclosure process in their area.
- Rent the Property:** Homeowner with a mortgage payment low enough that market rent will allow it to be paid converts their property to a rental.
- Mortgage / Loan Modification:** Homeowner negotiates with lender to modify the interest on the loan, the principal balance, or any combination of these, resulting in a lower payment.
- Home Affordable Foreclosure Alternatives Program (HAFA):** Homeowner qualifies for HAFA and is offered pre-approved short sale terms and cash incentives for relocation assistance.
- Short Refi:** Homeowner negotiates with lender to refinance a mortgage for less than what is owed on the property.
- Deed-in-Lieu of Foreclosure:** Homeowner returns the property to the lender rather than go through the foreclosure process.
- Deed for Lease:** Homeowner returns the property that is FHA-insured back to the lender and leases the property for a twelve month period.
- Refinance:** Homeowner with significant equity in his/her property and good credit standing refinances their mortgage.
- Bankruptcy:** Homeowner with significant non-mortgage debt who is unable to pay these debts or his/her mortgage payment files for bankruptcy which liquidates assets and/or reorganizes debt to pay back creditors.
- Servicemembers Civil Relief Act (SCRA 303):** A member of the military who is experiencing financial distress due to deployment (and can prove entered into debt before employment) qualifies for temporary relief under this act.
- Homeowners Assistance Program**
A member of the military or federal employee qualifies for this program which has a variety of assistance programs including private sales, government purchase, and/or foreclosure assistance.
- Short Sale:** Homeowner has a financial hardship and qualifies for a sales transaction where the lender is willing to accept the payoff of a mortgage for less than what is owed.



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Contact Demetria today to discuss your options:

1-800-864-5122

www.GoDemetria.com

“Demetria’s Team Sells Greater Portland, Maine”



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PROPERTY EXPERT®

Demetria's Team recommends that any homeowner considering these options further investigate them with professionals in their respective fields. While Demetria's Team is presenting you with options, this in no way represents legal or financial advice regarding the options presented. Demetria's Team encourages you to consult with legal or financial council regarding any of the options presented in this document.



FORECLOSURE VS. SHORT SALE

Homeowner Consequences

Issue	Foreclosure	Successful Short Sale
Future Fannie Mae Loan – Primary Residence <small>(effective May 21, 2008)</small>	A homeowner who loses a home to Foreclosure is ineligible for a Fannie Mae backed mortgage for a period of 5 years .	A homeowner who successfully negotiates and closes a short sale will be eligible for a Fannie Mae backed mortgage after only 2 years .
Future Fannie Mae Loan – Non Primary <small>(effective May 21, 2008)</small>	An Investor who allows a property to go to Foreclosure is ineligible for a Fannie Mae backed investment mortgage for a period of 7 years .	An investor who successfully negotiates and closes a short sale will be eligible for a Fannie Mae backed investment mortgage after only 2 years .
Future Loan with any Mortgage Company	On any future 1003 application, a prospective borrower will have to answer YES to question C in Section VIII of the standard 1003 that asks “Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?” this will affect future rates.	There is no similar declaration or question regarding a short sale.
Credit Score	Score may be lowered anywhere from 250 to over 300 points. Typically will affect score for over 3 years .	Only late payments on mortgage will show and after sale mortgage will be reported as paid or negotiated. This will lower the score as little as 50 points if all other payments are being made. A short sale’s affect can be a brief as 12 to 18 months .
Credit History	Foreclosure will remain as a public record on a person’s credit history for 10 years or more .	Short sale is not reported on a credit history . There is no specific reporting item for ‘short sale’. The loan is typically reported ‘paid in full, settled’.

Distressed Property Institute, LLC
800-482-0335 | www.cdpenow.com



FORECLOSURE VS. SHORT SALE

Homeowner Consequences

Issue	Foreclosure	Successful Short Sale
Security Clearances	Foreclosure is the most challenging issue against a security clearance outside of a conviction of a serious misdemeanor or felony. If a client has a foreclosure and is a police officer, in the military, in the CIA, Security, or any other position that requires a security clearance in almost all cases clearance will be revoked and position will be terminated .	A Short Sale on its own does not challenge most security clearances .
Current Employment	Employers have the right and are actively checking the credit regularly of all employees who are in sensitive positions. A foreclosure in many cases is ground for immediate reassignment or termination .	A short sale is not reported on a credit report and is therefore not a challenge to employment .
Future Employment	Many employers are requiring credit checks on all job applicants. A foreclosure is one of the most detrimental credit items an applicant can have and in most cases will challenge employment .	A short sale is not reported on a credit report and is therefore not a challenge to employment .
Deficiency Judgment	In 100% of foreclosures (except in those states where there is no deficiency) the bank has the right to pursue a deficiency judgment.	In some successful short sales it is possible to convince the lender to give up the right to pursue a deficiency judgment against the homeowner.
Deficiency Judgment (amount)	In a foreclosure the home will have to go through an REO process if it does not sell at auction. In most cases this will result in a lower sales price and longer time to sale in a declining market. This will result in a higher possible deficiency judgment .	In a properly managed short sale the home is sold at a price that should be close to market value and in almost all cases will be better than an REO sale resulting in a lower deficiency .

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HOMEOWNER FINANCIAL WORKSHEET

Borrower

Co-Borrower

Account Number

Second account number

Property Address

City

State

Zip code

Income- Take Home Pay

Borrower net month income	\$ \$	Employer: Employer:	Phone: () Phone: ()
Co-Borrower month income	\$ \$	Employer: Employer:	Phone: () Phone: ()
Additional Income (child support, alimony, pensions, social security, rental, interest, other)	\$		
Total Net Income	\$		

Expenses

	Monthly Payments		Monthly Payments
Mortgage	\$	Auto Insurance	\$
2 nd Mortgage	\$	Electric Bill	\$
Home Equity			
Credit Line			
Property Insurance	\$	Telephone	\$
Property Taxes	\$	Internet	\$
Child Support	\$	Gasoline	\$
Child Care	\$	Cell phone	\$
Alimony	\$	Water/sewer	\$
Auto Loans	\$	Food	\$
Church/Club dues	\$	clothing	\$
Auto maintenance	\$	Health Insurance	\$
Medical	\$	Other	\$
School Loans/Tuition	\$		
Credit Cards			
Department Store	\$	Visa/Master	\$
Other	\$	Other	\$
Entertainment	\$	Other	\$
Total Monthly Expenses	\$		

Page 2 Financial Worksheet

Assets			
Checking Accounts	\$	401K	\$
Savings Accounts	\$	IRA	\$
Cash on Hand	\$	Value of Stocks	\$
Other Valuables to Be Sold	\$	Other Miscellaneous assets	\$

I/We have described my/our financial condition in the enclosed Financial Status Report and certify that all information, as well as all Attachments, is true, accurate and correct to the best of my/our knowledge. I/we understand that submission of this information in no way obligates my lender, servicer, Veterans Affairs, FHA/ HUD, the investor, the Mortgage Insurers, (Agent) or (BROKERAGE) to provide assistance to me or stop the foreclosure process. I/We hereby authorize my/our lender, servicer, Veterans Affairs, FHA/ HUD, the investor or the Mortgage Insurers to

1. Order a credit report from any credit reporting agency.
2. Order a title search from any title agency.

Verify the accuracy of the information contained in this Financial Status Report, including without limitation, any current or previous employment information.

I/We agree that I/we will notify the AGENT and BROKERAGE mentioned above, my lender, Veteran Affairs, FHA/ HUD, the investor, or the Mortgage Insurers immediately of any material change in the financial information that I/We have provided herein. If I/we fail to do so, or if it is determined that the financial information provided herein has been misrepresented by me, and lender, servicer, Veterans Affairs, FHA/ HUD, the investor or the mortgage insurers makes decisions which would not have been made had the true facts been known, then (1) I shall be liable for all costs (fees) incurred or damages suffered by lender, servicer, Veterans Affairs, FHA/ HUD, the investor, the mortgage insurers or AGENT and BROKERAGE above and (2) lender, Servicer, Veterans Affairs, FHA/ HUD, the investor, the mortgage insurers and/or AGENT shall have the right, in its sole discretion, to terminate any arrangement or agreement that has been extended to me based, in whole or in part, on the inaccurate or incomplete information that I/We have provided.

Borrower Signature

Date

Co-Borrower Signature

Date

Printed Name

Printed Name

AUTHORIZATION TO RELEASE INFORMATION

I hereby authorize: **DEMETRIA CHADBOURNE** and or **CAROL PETERSEN** of Demetria's Team-The Real Estate Group Phone number : 207-839-5122 Fax number is 1-866-868-0188 Email demetria@godemetria.com or Carol@godemetria.com. Also any designated agent ,assistant, Title Company or its agents to verify any and all information pertaining to the mortgage or property detailed below and any additional financial information pertaining to this property including home owner's association, taxes, liens, fuel cost and consumption information, utilities account information, or other non-public information necessary and any other encumbrances.

It is understood a photocopy or fax of this form will also serve as authorization.

Property Address: _____

City: _____ **State:** _____ **Zip:** _____

Borrower's Name _____

Date of Birth: _____ **Social Security Number:** _____

Borrower's Name _____

Date of Birth: _____ **Social Security Number:** _____

Phone Number _____

Mortgage Company: _____ **Account Number:** _____

Phone Number: _____ **Fax Number:** _____

Loss Mitigation Contact: _____

Direct Phone if Available: _____

2nd Mortgage Company _____

Account Number: _____ (Home Equity/ Line of Credit)

Phone Number: _____ **Fax Number:** _____

Loss Mitigation Contact: _____

Direct Phone if Available: _____

Authorized By:

Borrowers Signature: _____

Co-Borrowers Signature: _____

The following are needed before a short sale consent will be considered:
Please provide this information to us as soon as possible for the file.

Items needed from Seller on Short Sale

- _____ **Financial Worksheet from Seller**
- _____ **Hardship Letter**
- _____ **2 months of Bank Statements**
- _____ **2 last paystubs**
- _____ **last year tax return**