

ALTERNATIVES TO FORECLOSURE

Try to stay calm and look at the situation without attaching your emotions. If you approach this as a business decision, you can better analyze which option might best suit your needs and desires. One very important thing to remember is “Time is of the Essence”, so take serious thought of your situation and take swift action in order to allow yourself enough time to complete the chosen process. Below are your options:

(1) Do Nothing: You will eventually lose your home to the [foreclosure process](#), and be liable for deficiencies on lender losses. Your credit report will show this damaging information, and will be affected for a longer time. A deficiency judgment may follow. This is not the best option.

(2) Forbearance: Many lenders currently provide a number of borrowers with a temporary suspension from their monthly mortgage payments. This is known as mortgage forbearance. While the programs offered will vary by lender, the relief can last up to 6 months or longer in certain cases. This provides the homeowner and lender the opportunity to work on long-term loan modifications, and also offers the borrower time to improve their financial condition.

(3) Loan Modification: Try using the [‘Making Home Affordable Modification Eligibility’](#) resource to get your existing mortgage company to modify the debt and/or extend the terms of the loan. This may allow the homeowner to catch up at a more affordable level. To qualify, you must submit an application and meet certain hardship criteria. Borrowers have saved hundreds of dollars per month and lowered interest rates. Here is a sample of a [successful loan modification](#). In this case, the homeowner did not qualify for the standard HAMP (Home Affordable Modification Program – but the lender offered the borrower an alternate plan of similar value.

(4) Short Sale: A [short sale](#) is a good option for those who cannot qualify for a loan modification or simply do not wish to stay in a home with negative equity.

(5) Deed in Lieu of Foreclosure – Give the property back to the bank instead of the bank foreclosing. Banks generally require the home be well maintained, all mortgage payment and taxes must be current. Most loan applications ask if this has ever happened. Here are the [requirements](#).

(6) Bankruptcy – This option can liquidate debt and/or allow more time. Consult with a Bankruptcy Attorney in your area to find out more information.

Chapter 7 (Liquidation) To completely settle personal debt.

Chapter 13 (Wage Earner Plan) Payments are made toward a plan to pay off debts in 3-5 years.

Chapter 11 (Business Reorganization) A business debt solution.

Best of Luck!