

## Seller Alternatives to Foreclosure

Your house is in foreclosure; we want to be sure you understand your options. Please review these items, and sign below when you feel comfortable to move forward with the sale or short sale option. We advise you to consult with an attorney and/or a CPA if you have any questions about any of these options.

**Do Nothing** – If a homeowner does nothing, they most likely will lose their home at sheriff's auction. Loan applications generally ask if the applicant has ever been foreclosed upon. Credit reports also disclose this information. This will stay on your credit report for up to ten years.

**Payoff/Refinance** – Completely paying off the entire loan amount plus any deficient amount and fees. This is usually accomplished through a refinance of the debt. New debt may be at a higher interest rate and there may be a prepayment penalty associated with the loan, due to recent default.

**Reinstatement** – Paying the entire default amount plus interest, attorney fees, late fees, taxes, missed payments and fees. This option will allow you to keep your existing loan and terms, if the lender allows.

**Loan Modification** – Utilizing the existing mortgage company to refinance the debt or extend and/or change the terms of the loan.

**Forbearance** – Lender may be willing to arrange a repayment plan based on the homeowner's financial situation. The lender may be willing to provide a temporary payment reduction or suspension of payments and/or penalties. Information will be required from the lender to show that you are able to meet the new payment plan requirements.

**Partial Claim** – A loan from the lender to consolidate and include back payments, costs, and fees.

**Deed in Lieu of Foreclosure** – The owner simply gives the property back to the bank instead of the bank foreclosing. This is a "voluntary" foreclosure, and still appears as a foreclosure on your credit report for up to ten years.

**Bankruptcy** – This option can liquidate and/or re-organize debts and/or allow more time.

Chapter 7 (Liquidation) completely settles personal debts. Mortgages are not included without a complete foreclosure process

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

**Sale** – Homeowner may sell the home without lender approval for a conventional home sale. If the property has equity the sale will close, the lender paid off, and the foreclosure is gone.

**Short Sale** – Also known as a pre-foreclosure sale can be negotiated with your lender by your real estate professional, or a third party company, if what is owed is more than the property's market value.

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Seller

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Seller

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Date

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