



MEMO

To: Do You Know a Homeowner Facing Foreclosure? Here's a Way Out.
From: Leni Jeanette*
Re: How to Help

Headlines today are filled with stories about homeowners in financial distress—people who face lender's foreclosure on their home.

Millions of American **a** home owners are wondering what to do.

Like most crises, this one has produced its share of rumors and misinformation. One of the biggest ones is "just let it happen." Why fight back, this line of thinking goes. It's too emotionally draining, and the government's loan modifications aren't helping many people. Well, that's only partly true.

While government loan modification programs have fallen short of the mark so far, there is another solid, sensible option for homeowners. It's called a **short sale**—a sale to a buyer where the seller's lender agrees to accept less than the full amount owned.

Why not be foreclosed? Why sell short? Agents who have closed hundreds of these transactions provide this list of reasons:

- **Avoid the foreclosure stigma** – Homeowners will always have to disclose that they had a foreclosure on any mortgage application and (many job applications) that they submit in the future. This can have an adverse affect on their future mortgage rates. Foreclosure is asked about specifically in credit inquiries. There is no seven-year time limit on this item.
- **Protect credit score** – Credit scores will be lowered by 300-plus points (per loan) by foreclosure. The impact of a short sale—about half that much.
- **Improve eligibility for a government insured loan** – The homeowner will be ineligible for a government insured loan for 5-7 years (only two years in a short sale). A foreclosure is the one credit report item that is almost impossible to have repaired.
- **Avoid a deficiency judgment** – Lenders can seek a deficiency judgment against the homeowner and collect any amount they do not recover at sale.
- **Protect employment prospects** – Many employers run credit checks on prospective employees. Foreclosure is one of the top items that will put a potential new hire, or even current employment, in jeopardy.

These are the top reasons, but there are more. An expert short sale specialist agent can give a full picture of the options.

One more tip. Don't believe everything you read about how long short sales take and how few get finalized. Short sale timelines, while still longer than normal, are shrinking as lenders get their paperwork act together. Find out who the top short sale agents are in your market. These pros are closing 70 to 90 percent of the short sales they represent—more than three times the national average. They know where to find buyers, and how to negotiate the buyer's offer effectively with lenders and get the deal closed—so the homeowner can move on with life and recover.

**Leni Jeanette IS a short sale and foreclosure specialist as trained and awarded the SFR designation. She can help you or someone you care about.*