

Foreclosure Solutions for Homeowners™

by

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My Process

1. Analyze **YOUR** Situation
2. Explain **YOUR** Options
3. Make **Recommendations**

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Questions

1. What happened to get you here? (make notes for hardship letter)
2. What solutions (foreclosure) have you sought to remedy situation?
3. How much did you PAY for the house? When? Worth now?
4. How much OWED? 1st / 2nd / Other Liens against property
5. How much are your payments? 1st / 2nd – include taxes/insurance?
6. How far behind are you on payments? Late fees/penalties?
7. What is the current condition of the house? Any problems?
8. What kind of work needs to be done to the house?
10. Are you behind on other bills – credit cards/utility/car payments?
11. What is your current monthly income? How stable is job?
12. Based on your income – how much can you afford to spend monthly?
12. How much CASH do you have available? In 30 Days?
13. Do you have any fall-back resources? (401K – Life Policies – Retirement Accounts – Annuities – Investments – Jewelry – Other Assets)
12. Would you prefer to STAY or VACATE? Why/Why Not?
13. If you were to VACATE where would you go?

14. WHAT TROUBLES YOU THE MOST ABOUT ALL OF THIS?

Review the Documents

1. Any Letters/Documents received from the Lender
2. All Legal filings and Official notices
3. Materials (solicitations) received from others
4. Original house purchase documents
5. Recent appraisals – Major Improvements
6. Tax Returns / Pay Stubs / Bank Statements
7. Investment / Retirement / 401K / IRA Accounts
8. Paid up Life Insurance Policies / Annuities
9. List of Personal Assets - Financial Statement

Review the House

1. Detailed 'work to be done' List - Major Mechanical Deficiencies
2. Possible Marketability Issues / Challenges

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Understanding YOUR Options

- What happens **AFTER** the Foreclosure?
- Why are **LENDERS** hard to deal with?
- 3rd Party Advocates** – Good or Bad?
- Deciding if it's **BEST** to **STAY** or **VACATE**
- STAY** or **VACATE?** – Different Possibilities

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AFTER the FORECLOSURE

YOUR INFORMATION IS AVAILABLE PUBLICLY!!

Embarrassing Humiliating Shameful



Don't Let this Happen!!

FUTURE Negative Impact:

- Family Housing Needs
- Auto/Health Insurance Rates
- Sky High Financing Rates
- Employment / Job Applications
- Investigative Background Checks
- College Grants and Scholarships

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**LENDERS
ARE
DIFFICULT**

LENDERS can be DIFFICULT!!

LENDERS HAVE 'TWO' DIFFERENT DIVISIONS

(...with different FUNCTIONS and ATTITUDES)

**There's the...
"THANKS FOR MAKING
YOUR PAYMENTS ON TIME"
DIVISION**



**And the...
"WHEN ARE YOU
GOING TO PAY US!?"
DIVISION**

(Sometimes called the Default LOAN
or LOSS MITIGATION Department.)

WHY ARE THEY SO DIFFICULT??

Understanding the LOSS MITIGATION DIVISION



UNDERSTAFFED – OVERWORKED -- UNDERPAID

- They are already **Pre-Disposed Against YOU!!**
(they know that nearly 80% of all Reinstatements, Modifications, and Forbearances will end up **DEFAULTING** again within 6 Months)
- They have to **ABIDE** by **CONFLICTING** and Complicated Federal Banking **RULES** and **REGULATIONS**
- DEALING** with **ANGRY** people all day is **DEMANDING**

NOTE: Their primary responsibility is to PROTECT the LENDER by minimizing (or mitigating) financial losses – THEY ARE NOT THERE TO PROTECT YOU!!

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**3rd PARTY
ADVOCATES**

A 3RD Party Advocate Can Help

THE LENDER



THE BORROWER



BENEFITS of A 3RD PARTY ADVOCATE:

- They are typically Better Skilled and Trained
- They tend to Objective, Less Emotional
- They're Committed to finding a Compromise
- The can Access more Effective Resources

3RD Party Advocate SCHEMES!!

Should you be Paying Upfront Fees?



UPFRONT FEE SCHEME

Some 'so-called' 3rd Party Foreclosure Mediators insist on upfront fees which they say are for locating rescue funding to stop the Foreclosure. Unfortunately, once the distressed homeowner hands over their money, they never see the would be negotiator again.

3RD Party Advocate SCHEME!!

READ that document before you SIGN!!



REFINANCING SCHEME

Because the foreclosure process wrecks your credit, refinancing or second mortgages are hard to get. Some fraudulent rescue funds promise to bail-out distressed homeowners by securing outside funding from specially arranged lenders at super high rates. This of course is often promised to happen once the homeowner hands over title of the property.

3RD Party Advocate SCHEME!!

If it sounds TOO GOOD to be TRUE...

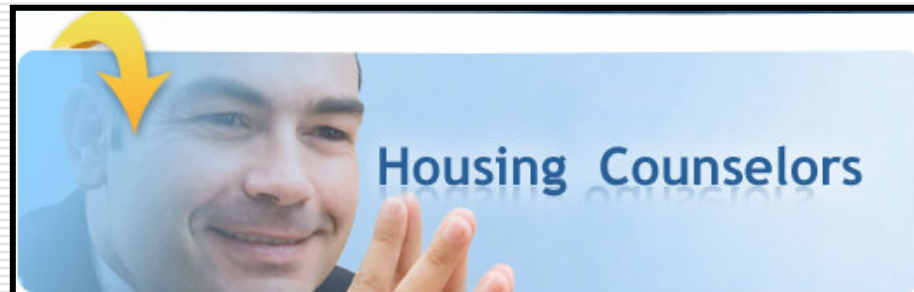


CREDIT REPAIR SCHEME

Some frauds will claim to be able to resolve major credit problems by promising to magically remove all sorts of slow pay blemishes permanently from their credit file and then helping these same homeowners find a better suited lender to solve all their problems.

Selecting the Right 3RD Party Advocate

Reputable Lawyer



Legitimate Housing Counselors

- HUD Approved Counselors (www.hud.com)
- Homeownership Preservation Council
- Local Religious Groups and Organizations
- The HOPE NOW Alliance (www.hopenow.com)

In Selecting the Right 3RD Party Advocate...

RECOMMENDED CHARACTERISTICS

ARE THEY...??

- **Knowledgeable in Dealing with Different Foreclosure Solutions?**
- **Licensed and Abide by an Ethical Code of Conduct?**
- **Trained and Skilled at Negotiating Complicated Transactions?**
- **Willing and ABLE to get the JOB Done?**
- **Hard working, Honest, and Trustworthy?**

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STAY?

or

VACATE?

Foreclosure Solutions for Homeowners™

OPTIONS

SHOULD YOU STAY... ...OR VACATE??

Issues for consideration --

DESIRE — do you really **want** to stay in the home?

MONEY — can you **afford** to stay in the house?

FINANCIAL — does it make good **fiscal sense** to stay?

TIME — do you have enough time to arrange to stay?

COMMITMENT — are you willing to do whatever it takes?

Foreclosure Solutions for Homeowners™

The Stay? or Vacate? DECISION MAKING GRID

Assign a **POSITIVE (+)** or **NEGATIVE (-)** to each of the following:

- + - DESIRE** — do you really **want** to stay in the home?
- + - MONEY** — can you **afford** to stay in the house?
- + - FINANCIAL** — does it make good **fiscal sense** to stay?
- + - TIME** — do you have enough time to arrange to stay?
- + - COMMITMENT** — are you willing to do whatever it takes?

of Pluses

Scoring: 4 or 5 Pluses = You Should Absolutely Stay!!
3 Pluses = It's Rather Questionable
1 or 2 Pluses = You Should Plan on Vacating

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**STAY IN
YOUR
HOME**

STAY in the HOME Options:

PAY the Mortgage Off in FULL

Requires Enough Cash to Pay Entire Amount Due before Auction Date

REFINANCE the Mortgage with a New Lender

Requires some equity in the Home + Credit Worthiness + TIME

Find Someone to do a Friendly LEASE-BACK

Requires someone (Friend, Family, Investor) to BUY the home, Pay Off the Lender and Lease the property Back to you with Terms that work for both parties involved.

The 50/50 2nd Chance Program

Reduces the current 2nd Mortgage Balance and Payment by 50%

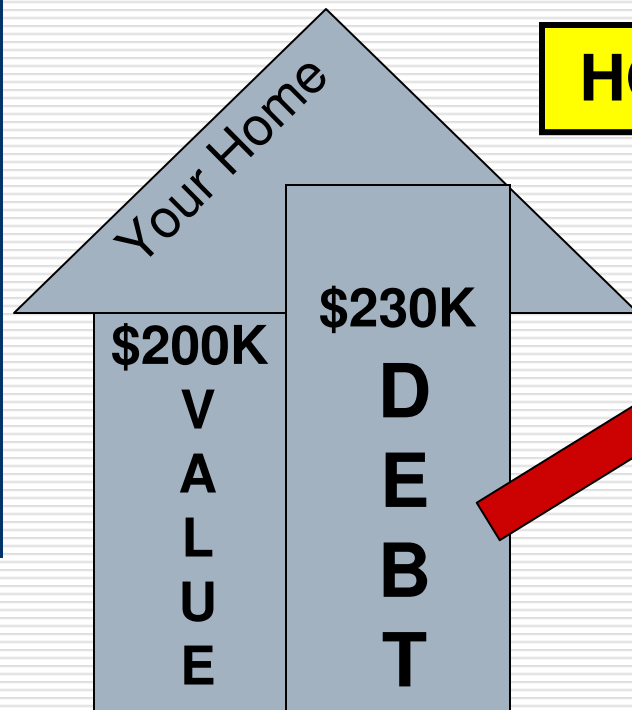
-- Subject to Certain Criteria and Qualifications

(Note: Detailed Explanation is in the Last Section of Presentation)

**The 50/50
2nd Chance
Program**

The 50/50 2nd Chance Program

HOW THE PROGRAM WORKS



Before the 50/50 2nd Chance Program

Total Debt = \$230K

1st = \$160 (pmts \$1500/month)

2nd = \$70K (pmts \$450/month)

Equity = Negative \$30K

After the 50/50 2nd Chance Program

1st = \$160K (pmts \$1500*/month)

*or even less if Modified by Lender

2nd = \$35K (pmts \$225/month)

Equity = Positive \$5K

Total Debt Reduced From \$230K to \$195K

Payments Down From \$1,950 to \$1,775 Monthly

The 50/50 2nd Chance Program

ELIGIBILITY REQUIREMENTS

THE OWNERS...

MUST REMAIN in the HOME

MUST be ABLE to AFFORD Payments

MUST currently be in DEFAULT

MUST agree to TERMS & CONDITIONS

MUST complete the APPLICATION

MUST reinstate the 1st Mortgage

THE 2nd Mortgage Holder MUST be willing
to SELL the NOTE

**LENDER
WORK OUT
SOLUTIONS**

STAY in the HOME Options:

NEGOTIATE a Workout with Existing Lender

Reinstatement of the Existing Loan

The Loan can be Reinstated once all the missed payments, late fees and penalties are paid in full to the Lender.

Modifications to the Terms of the Loan

The terms of the Loan (Loan Balance, Effective Interest Rate, Amortization Schedule) may be Modified to make it work financially for the defaulting borrower and the Lender.

Negotiate a Forbearance Agreement

The Loan is Conditionally Reinstated and all missed payments, late fees and penalties may be FORGIVEN by the Lender.

**VACATE
YOUR
HOME**

VACATE Options

Fix Up the House and Sell it RETAIL

This Option will require TIME and MONEY to get all the Needed Repairs Completed. Sale proceeds of between 90% to 95% of Comparable Values may not cover the outstanding debt.

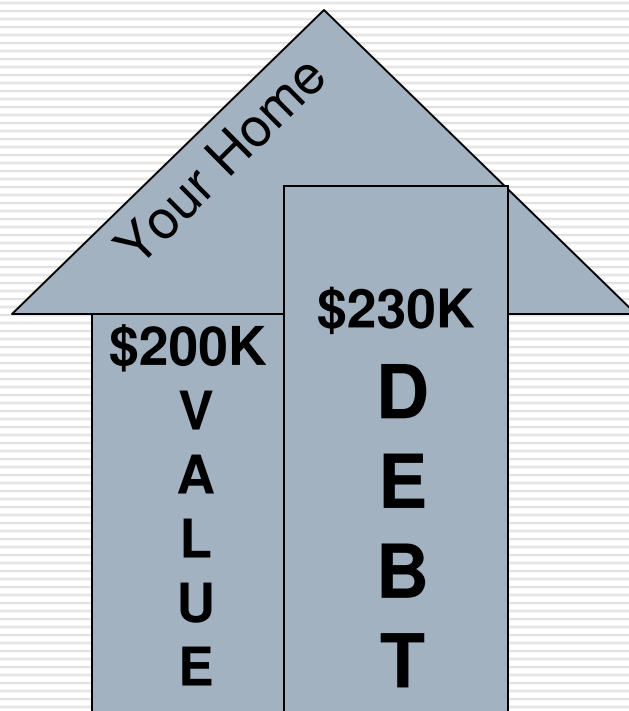
Sell the House WHOLESALE in As-Is Condition

This Option will allow you to sell QUICKLY without completing needed repairs. Expected sale proceeds of between 60% to 70% of Comparable A.R.V (After Repair Value) may not cover the outstanding debt.

Offer the Lender a DEED-in-LIEU of Foreclosure

This can only work if the Lender is LOCAL and there is only ONE Lien against the property – and even then most Lenders don't really favor this option due to numerous risk reasons.

WHAT IF THERE IS NEGATIVE VALUE?



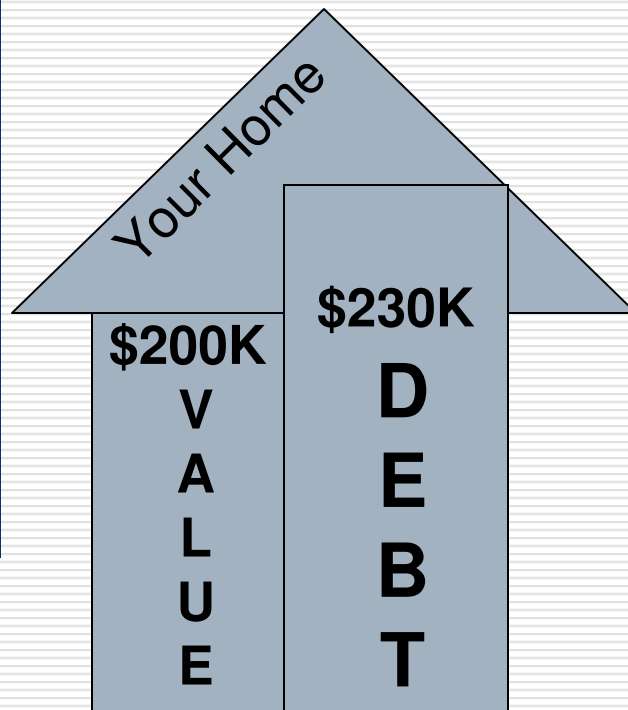
WHEN DEBT IS MORE THAN
VALUE = NEGATIVE VALUE

- Sell and Bring Cash to Closing
- Sell by Offering Flexible Financing Terms
- Lease Property out to Someone Else
- Sell and Negotiate Short Payoff of the Loan

>>> "SHORT SALE" <<<

The
SHORT SALE
Process

IF NEGATIVE VALUE...



**WHEN DEBT MORE THAN
VALUE = NEGATIVE VALUE**

A "Short Sale" is defined as Getting
YOUR Lender to Accept a Lower Payoff of
YOUR DEBT in order to SELL the House
and Stop the FORECLOSURE.

The "SHORT SALE" Process

**Step 1. SELL HOUSE FAST, in AS-IS
CONDITION at WHOLESALE** (Should sell
for 60% to 70% of the Estimated A.R.V.)

**Step 2. CONVINC LENDER TO ACCEPT
a LOWER PAYOFF (SHORT) of LOAN SO
DEAL CAN CLOSE** (Better option for the
Lender versus taking the House via Foreclosure)

**Step 3. DEAL CLOSES – HOUSE SOLD –
>>> FORECLOSURE CANCELLED!! <<<**

My Short Sale Success Process

1. List **PROPERTY** for sale at **WHOLESALE** Price
2. **GATHER** all the required **DOCUMENTS**
3. **SUBMIT** signed **AUTHORIZATIONS** to Lender
4. **SECURE** a qualified and legitimate **BUYER**
5. **ASSEMBLE** the Lender **SHORT SALE PACKET**
6. **NEGOTIATE** an acceptable **PAYOFF** with Lender
7. **CLOSE** the **SALE** –

**** Cancel the Foreclosure Action!! ****

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RECOMMENDATIONS

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