FREE REPORT

Your Second Chance

Revealed the 10 Things Every Homeowner

MUST know if facing Foreclosure, Considering A Short Sale or Underwater on their Mortgage and why not knowing these options could leave you defenseless with the banks, hurt your credit and prolong your ability to buy a new home.

Your Second Chance

I want you to know that you have several options other than losing your home to foreclosure. Please read these options and feel free to call me anytime to discuss the right option for *you and your family* situation. There is absolutely **NO CHARGE** for calling me. I am here to help you any way I possibly can.

Banks can find ways to talk you into giving your house back to them which is great for them and terrible for you. If you choose that option, you will end up with a foreclosure on your credit report and a possible deficiency judgment. The bank never tells you this vital piece of information. **BANKS ALSO DON'T TELL YOU THAT THEY WILL REDUCE YOUR PRINCIPAL BALANCE AND YOUR INTEREST RATE.**

My job is to help you make the right decision for your situation. Since each situation is different I want to share this Information Package with you so that you will understand your choices and make a good decision for your family. Here are some of your options:

Option 1: Principal Reduction Modification (PRA)

Option 2: Loan Modification

Option 3: Forbearance Agreement

Option 4: Deed In-Lieu

Option 5: Short Sale

Option 6: Bankruptcy

Option 7: Try To Sell Your Home With A Realtor

Option 8: Re-Finance Your Mortgage

Option 9: Repayment Plan

Option 10: Do Nothing And Lose Your Home

Please take a few minutes to read each of these options. I will be awaiting your call at **800-299-6044 x41623**

Sincerely

Lisa Wood

"help you make the right decision for your situation."

In December 2010 the Federal Trade Commission came up with what we believe is a fantastic bill. It is called the **"MARS ACT"** - Mortgage Assistance Relief Services. This bill applies to anyone who offers homeowners assistance with their mortgage: attorneys, real estate investors, real estate agents, mortgage brokers, and more.

Here is the scope of the bill:

- No one can charge you a fee in advance for anything
- No one can advise you to cease communication with your bank
- No one can charge you a fee as they do certain parts of the service
- No one can make guaranteed promises as to what they can do for you
- They must tell you that they are a for-profit company and that they have to disclose their fee upfront
- They must disclose to you that they are NOT associated with the Government or your Lender in any way
- They must NOT tell you to stop making payments to your bank and must advise you of what will happen if you continue to miss payments
- They can't tout special "insider" bank information to make you feel they have more experience than they do
- You are able to walk away from the deal if at any point you feel uncomfortable and want out
- No one can practice deceptive practices knowing that you are a homeowner with no experience in this arena
- Basically - NO ONE can take advantage of you!

In order to comply with the MARS act we want you to be aware that it exists and that myself and all of my Handle With Care Specialists comply fully with this Law and it is our intention to follow it to the letter. Please sign your name and date this explanation agreeing that you have read and understand it:

Homeowner(s) : ____

Date : ____

For a full disclosure of the MARS bill please go to:
http://www.dllr.state.md.us/finance/advisories/advisory-shortsales.shtml

What should we do as homeowners?

Principal Reduction Modification, Loan Modification, Forbearance Agreement, Subject - To, Short Sale, Bankruptcy, Deed-in-lieu, Sell with a Realtor, Re-finance, or Do Nothing and go to foreclosure.

This report is a quick reference to help you decide what is best for your family. Please contact an attorney for legal advice, an accountant for tax advice, a mortgage broker for loan information and questions or a real estate broker for real estate information and questions, however read the last few pages of this report first.

Step 1: What's best for my family?

You need to ask yourself today, what do you want to do? Live in your home or move? What's best for your family? The following pages will talk about several areas of your financial and family needs. This is just a guideline which offers suggestions and ways to help you. Each family has their own individual needs so we suggest that you use all resources available to you.

What programs are available for me?

You will need to complete an Income and Expense Worksheet (see the Family Budget for this form). It would be very helpful and will save you time if this was completed before you talk to Loss Mitigation at the bank. There are several programs available in which the bank's loss mitigation person will discuss with you:

Home Affordable Modification Program (HAMP)

Principal Reduction Alternative (PRA)

Second Lien Modification Program (211P)

FHA Home Affordable Modification Program (FHA-HAMP)

USDA's RHS Special Loan Servicing

Veteran's Administration Home Affordable Modification (VA-HAMP)

Option #1 Principal Reduction Modifications (PRA)

Lenders will receive far more value from Principal Reduction Modifications than from other mortgage modifications.

Obviously, this statement doesn't sound right. How could a bank make more money by reducing a $250,000 mortgage to $200,000? ***Here's how:***

- If enforcing a $250,000 mortgage is likely to result in foreclosure, the Lender will probably recover less than $100,000. If reducing the principal balance to $200,000 is likely to avoid foreclosure, the Lender will likely recover the entire new $200,000 balance, which is more than double what it might recover if it refuses to reduce the principal balance. Banks lose 40% of the value by the time they closeout the foreclosure. Example, 200,000 house they will net 120,000 by the time the bank closes the file and gets paid. Source: President of Chase Mortgage.

- In order to calculate the Lender's financial advantage or disadvantage of granting Principal Reduction Modifications, numerical probabilities must be established for the likelihood of outcomes mentioned above.

- This report will compare the Net Present Value (NPV), of standard Home Affordable Modification Program (HAMP), modifications with Principal Reduction Alternative HAMP (PRA HAMP) modifications. If the mortgage principal balance on a home exceeds 115% of its market value, PRA HAMP will reduce the principal balance by that difference over a three year period, if the borrower stays current on the mortgage during that time. PRA HAMP will also reduce interest rate, extend term, and include principal forbearance, if necessary, to reduce the monthly payment to 31% of gross income. Standard HAMP modification will do all but reduce principal balance.

- Participating HAMP Lenders and Servicers, herein collectively referred to as Lenders, were required to start evaluating cases for PRA HAMP in the last quarter of 2010. Regardless of the outcome of those evaluations, no PRA HAMP modification would ever be required of the Lender. THEY WONT TELL YOU!!! PRA HAMP modification is strictly optional. A Lender could reject the application for any reason or for no reason at all.

- It's encouraging that some Lenders have issued PRA HAMP modifications with large principal reductions. That suggests those few Lenders understand the economic advantage of PRA HAMP, but you never know how many will consistently embrace the concept and actively participate.

Here is an example :

- Amount owed: $515,000
- Payments behind: (29) at $4,300 per month
- Interest Rate @ 9.75% (Adjustable Rate)
- PRA Amount: $363,000
- New Payment $ 2,335.14
- New Interest Rate @ 3.75 (Fixed)
- Principal Reduction: $152,000

Do you think this person wants to stay current now?

"Restoring the borrower's incentive to pay in this way (referring to principal reduction) nearly quadruples the reduction in re-default rates achieved by payment reductions through interest rate modifications and term extensions alone."

Re-default Rate: As it relates to mortgage modifications, this is the rate at which homeowners default after receiving a modification. Unless otherwise noted, re-default rate refers to the rate during the 12 months immediately following the modification. The impact of a re-default will have the same financial result for HAMP and PRA HAMP modifications.

Re-default rate is the single most important factor when comparing the NPV of a PRA HAMP with that of a standard HAMP modification. A lower re-default rate for Principal Reduction Modification provides the Lender savings to offset the reduction in principal balance.

The key question when comparing PRA HAMP to standard HAMP modification is whether the savings from a reduction in re-default rate will be more or less than the amount of the principal reduction. For the answer to that question, one can look to
The Federal Reserve Bank of New York Staff Report:
Second Chances: Subprime Mortgage Modification and Re-Default

This report, referred to herein as the FRB Report, was the result of no small effort. It is a 46-page, well researched and crafted report utilizing a sample of tens of thousands of mortgage modifications on which to draw conclusions. Principal Reduction Modifications were included in a sufficient number for the authors to state the following conclusion in the Abstract: "... the re-default rate declines relatively more when the payment reduction is achieved through principal forgiveness as opposed to lower interest rates."

On page 30, the report states "restoring the borrower's incentive to pay in this way (referring to principal reduction) nearly quadruples the reduction in re-default rates achieved by payment reductions through interest rate modifications and term extensions alone."

It goes on to state the conclusions "confirm the findings from previous research that borrower equity is a critical determinant of loan performance ... " The report concludes modifications will be more effective if program designs are more attentive to homeowner incentives to pay, i.e., principal reduction.

HAMP vs. PRA HAMP: While the FRB Report does not specifically compare PRA HAMP with HAMP, it does provide an applicable estimate of the difference in re-default rates for principal reduction and non-principal reduction modifications.

Attached are NPV Test results with parameters of the above referenced typical case, comparing a HAMP to a PRA HAMP modification, utilizing the re-default rate differential used in the FRB Report. Following are the inputs used for the test:

Mortgage Balance	$250,000	Market Value	$175,000
Gross Income	$ 4,000		
Current House Payment	$ 1,966		
Re-Default Rate Principal Reduction	$ 48,750		
In-House	85.0%		
HAMP	0.0%	Less than 5% qualify	
PRA HAMP	10.7%		

In-House Modification: A modification that is done within the banks firm. Generally, this type of modification is done within 2-3 weeks. Most of the time these modifications are done when all other modifications have failed, however be aware ... with this modification most of the time the Lenders will want more money up front from the homeowner.

What is better for Mr. Banker?
NPV (Net Present Value) Comparison of HAMP vs. PRA HAMP Modifications
NPV (Net Present Value) of 10 Standard HAMP Modifications:

In these examples the Lender Recovery Rate LRR is $69,043.
Lender Recovery Rate: What it costs to take the average U.S. home back through the foreclosure process ... without bankruptcy or stalling tactics. Approx. 40%

6 successful modifications	6 x $224,112 =	$ 1,344,674
4 re-defaults with foreclosure	4 x $ 69,043 =	$ 276,172
Total NPV (Net Present Value) for 10 modifications		**$ 1,620,846**

NPV (Net Present Value) of **10 PRA HAMP Modifications:**

9 successful modifications	9 x $188,955 =	$ 1,700,598
1 re-default with foreclosure	1 x $ 69,043 =	$ 69,043
Total NPV (Net Present Value) for 10 modifications		**$ 1,769,641**
NPV Advantage of 10 PRA HAI\1Ps over 10 Standard HAMPs		$ 148,794
NPV Average PRA HAI\1P Advantage per individual modification		$ 14,879

- The NPV (Net Present Value) of a single, successful standard HAI\1P modification ($224,112 in the above case) will always be greater than the NPV of a single, successful PRA HAI\1P modification ($188,955 in the above case), due to the PRA HAMP principal reduction. However, the FRB Report suggests 4 of every 10 standard HAMP modifications will fail, while only about 1 in 10 PRA HAMP modifications will fail. Due to low Lender Recovery Rates in foreclosure ($69,043 in the above cases), the average NPV for PRA HAMP modifications will exceed that of standard HAMP modifications.

- There are also significant Lender tax benefits of PRA HAMP. In this case, the tax savings could amount to almost $20,000 in the first three years following the modification. Without tax benefits, the PRA HAMP NPV advantage over standard HAI\1P is more than $14,000 per typical modification. With tax savings, that Lender NPV (Net Present Value) advantage could double to over $30,000. Tax benefits may vary widely among Lenders, and may provide no benefit at all for those with no profit to shelter. With or without tax savings, the financial gains from PRA HAI\1P modifications are considerable.

- Even if PRA HAI\1P re-default rates were twice that indicated in the FRB Report, or if the Lender received no tax savings, or if both of those unlikely events transpired, the NPV for PRA HAMP modifications would still exceed the NPV for standard HAI\1P.

Reserve Requirements: A PRA HAJ\1P will give rise to an increase in Lender cash reserve requirements. One could argue reserve requirements should be lowered by PRA HAMP, since those modifications are four times less likely to suffer re-default. Reserve requirements may be of little or no concern to large Lenders, but it should be recognized as a by-product of PRA HAJ\1P.

Principal Reduction modifications are far too important to the economic resurgence of this country to allow "accounting and administrative" issues to block the way.

All in All: The Report demonstrates Principal Reduction Modifications will significantly reduce re-defaults, thereby creating substantially more value to Lenders than other modifications. When considering the Lender's potential tax benefits, the already significant benefit of PRA HAJ\1P is further increased. In the unlikely event the Lender receives no tax savings and the re-default rate for PRA HAMP is double that projected in the FRB Report, the NPV for PRA HAMP Modifications will still be greater than the NPV for standard HAMP modifications.

Under HAMP, a participating Lender is required to modify when doing so generates the most value for itself. Consistent with the HAMP concept, a PRA HAMP modification should be mandatory for participating Lenders whenever its NPV exceeds that of both the standard HAMP modification and the "No Modification" alternatives.

For purposes of NPV calculation, the estimated PRA HAJ\1P re-default rate should be 30% less than the standard HAMP re-default rate and 75% less than an In-House Modification. Over time, historical re-default rates should replace this proposed initial rate.

Under PRA HAMP, Lenders will achieve far greater financial benefits than with any current modification program, and borrowers will have a fighting chance to regain equity and security in their home. Even if prices remain flat and borrowers make no improvements to their homes, HAMP Principal Reductions combined with scheduled payments will reduce mortgage balances to within 5% of home values in just three years. That fact will reinvigorate homeowners and provide inspiration to stay current on mortgage payments for the many who today have no incentive or rational hope to save the home they once cherished.

Attachment: PRA HAMP Standard Waterfall Process with Summary of HAMP and PRA HAMP NPV Results Based on Re-Default Rate Differential.

Example:

Comparison of PR-\ HAMP vs Standared HAMP	
NPV for PRA HAMP Loan Modification	$176,354
NPV for Standard HAMP Loan Modification	$162,190
PRA HAMP Advantage (Disadvantage) over HAMP	$ 14,164

NPV Test Recommendation:

Modify using PRA HAMP $417 $0 $50 $0 $1,241

	Current	Desired PRA
Mortgage Balance	$250,000	$ 201,250
Principal Forbearance converted to Reduction		$ 48,750
Additional Forbearance Necessary to reach 31 % PITIA $ 0		
Estimated Market Value	$175,000	$175,000
Loan-to-Value Ratio	143%	15%
Borrower Total Gross Income	$4,000	$4,000
Target PITIA - 31 %	$1,240	
Principal + Interest	$1,499	$774
Taxes	$ 417	$417
Insurance	$ 50	$ 50
Assessments & Other	$0	$0
PITIA	$1,966	$1,241
	49%	31.02%
Loan Interest Rate	6.000%	2.000%
Months Remaining on Mortgage	330	341

For an affordable, sustainable mortgage, the following modified terms are requested:

- Loan re-amortized to 341 months
  - $0 Principal Forbearance w/out interest, end of loan or pay-off Principal
  - $48,750 Forgiveness

Initial rate years 1-5	2.000%	with P&I of	$774
Interest rate in year 6	3.000%	with P&I of	$840
Interest rate in year 7	4.000%	with P&I of	$920
Interest rate in year 8	4.740%	with P&I of	$984
Interest rate in years 9 - 40	4.740%	with P&I of	$984

OPTION #2 " LOAN MODIFICATION" and "TRIAL MODIFICATION"

- A loan modification simply means to change or modify the terms of your original loan. There are several types of loan modifications that may be available to you depending on the type of loan you have (Conventional, FHA, VA, etc.) and who is holding your loan. In some cases this can mean having the payment reduced and/or having some or all of the delinquent payments added on to the end of your loan. Loan modifications are not automatic and you will have to qualify to receive one.

- You may be contacted by various entities that want to "help" you get a loan modification. Virtually all of them charge an upfront fee that may range to thousands of dollars with no guarantee that you will actually receive the modification. You should avoid dealing with such people at all costs. They are out to take your money and not to help you. **This is against the law read on MARS disclosure on page 4.**

- You can work directly with your Lender, but as I mentioned earlier, be very leery of what they tell you. Don't take anything you are told on faith - get it in writing. If your Lender tells you they are delaying the foreclosure please verify that with the Public Trustee.

- There have been many instances of people who thought their foreclosure had been delayed or cancelled while they were talking with their Lender only to find out after the fact that their home had been sold at auction.

Remember, the loan modification simply means to change or modify your original loan.

Example:

$ 200,000 Value of the home

$ 185,000 What is owed

$ 1,500 Monthly Payment

$ 10 Payments behind

$15,000 What is owed to bank in back payments

$ 2,500 Attorney fees

- Call the bank and tell them you have one or two payments saved and that you want to do a loan modification. This means the bank will put the other eight or nine payments on the end of the loan, increasing your original loan by a few months in length or they will re-modify the loan from an adjustable rate to a fixed rate.

Typically the bank will require 1-2 of the back payments to be made plus all attorney fees. If you have not saved any of the money that was supposed to be used for mortgage payments, you may or may not be able to take advantage of this option.

Example:

10 payments behind at $1500 per payment. You pay 1 payment plus attorney fees.
Due to the bank is

1500 x 1 = $1,500

Attorney $ 2,500
Total Due $4,000

Note: If you have late payment fees, back real estate taxes, property inspection charges or forced insurance that has been added to your payment then the bank will make you pay this at this time as well. Sometimes they will waive the late fees.
You will end up paying $4,000 to get current and to get out of foreclosure instead of $17,500.

Remember this point

You can only do 1 loan modification per year. You can do a total of 4 over the length of the loan, but no more than one per calendar year. If you refinance with another mortgage company then the loan modifications you did with the current mortgage company won't count - a new mortgage company equals a clean slate.

With many of the NEW government bills in place the banks may be more lenient at this time.

The bank might ask for "Proof of Funds." This means you have to prove you have the $4,000 or proof that you are borrowing the funds, if so where are you getting the money from. The bank may ask for a copy of your last 2 months of bank statements.

WHAT IS A TRIAL MODIFICATION?

The bank will put you on a "TRIAL MODIFICATION" this is when the bank puts you on a trial bases with the new payment that you qualify for. The trial period will last approx. 5-6 months. If you make all of the payments on time and I mean ON THE DAY DUE OR BEFORE ... NOT ONE DAY LATE ... then the bank will put you on a 5 year modification. After the 5 year period the bank will review your situation at that time. You must not miss any payments in the "Trial Period."
Once this is done, you are one step closer to keeping your home.

If you choose this option call me for some ***FREE advice*** so I can help you with this process.

800-299-6044 x41623

OPTION #3 "FORBEARANCE AGREEMENT"

WHAT IS A FORBEARANCE AGREEMENT?
If you don't qualify for the Loan Modification, then The Forbearance Agreement may be better for you. The Forbearance is a workout agreement with the bank.

Example:

10 Payments behind $1,500 per Payment $2,500 Attorney Fees

$17,500 Total Due to Bank without late Payment Fees or Insurance fees, if any.

Here is how a Forbearance Agreement works:
The bank will always ask for attorney fees and then approximately 40%-50% of the back payments.

Let's look at this Example:

- $2,500 - Attorney Fees $6,000 - 4 of the 10 Payments $8,500 - Total Due
- You need $8,500 to enter into the Forbearance agreement. The balance of the 6 payments will be processed accordingly.
- You have to qualify for this. Everyone qualifies, it's just some will pay over 12 months, some over 6 months.

Example:

- $8,500 Down
- 6 Payments. Balance owed. 6 x 1500 = $9,000
- This $9,000 depending upon your monthly income will be added to your monthly payment as follows.

Example:

- $1,500 is your monthly payments you qualify for a 9 month program which means your new Payment will look like this:
- $1,500 Old Payment
- $1,000 x 9 for past monthly payments $2,500 per month for the next 9 months
- Then at the end of the 9 month period, your payments will go back to $1,500 per month.

Remember these 2 Important Points:

1) 90% of homeowners fall out of the Forbearance agreement in the first 2-3 months, because of the failure to pay.

2) Just because you have worked out a deal with the bank, you are not out of foreclosure. You are still in Foreclosure until your 9th payment of $2,500 is made.

Then and only then, will you get a foreclosure withdraw letter from the bank, stating your loan is current. In the meantime, the bank will keep passing the foreclosure sale date every month.

Let's look at how this is done:

▶ Let's say today is March 26th and you make a deal with the bank on this day. They will have you wire transfer or Western Union your money to a special account. Do not just mail your check in, the bank will tell you where to FedEx a cashier's check if they want you to. They will not take personal or business checks at this time. The bank will require certified funds.

Let's say today is March 26th and you need to send your $8,500 payment to the bank. Then starting on May 1st your first payment, of the nine new payments, is due.

Remember, the new payment amount is $2,500.

You will need to send this payment Certified Funds or however the Bank requires 3-4 days before it is due to make sure they receive it in time. You will be sending it on the 26th or 27th of every month. On the day before it is due, you need to call the bank to verify they received the money in time. This is a must!!!

This is how your foreclosure sale dates will look:

▶ Let's say today is March 26th, you send $8,500. The sale date was April 6th After receiving the $8,500, the bank calls the public trustee office or the foreclosure file room, (or whoever sells the foreclosures in your area) and sets a new sale date of May 6th. You make the payment on May 1st of $2,500. When the bank receives that payment, they will call and move the new sale date to June 6th. You make the June payment then the bank will move the sale date to July 6th. If you miss the July payment that was due July 1st, on the 2nd of July, you no longer have an agreement with the bank. Your forbearance agreement has been voided. Your house could go to foreclosure as early as July 6th and you will lose your home.

There is NO reinstatement period after your house goes to foreclosure.

Now you are in trouble; however, there is still hope. Let's re-think what has happened here. You now only owe the bank $7,000 plus your $1,500 for the July payment, which is your basic monthly payment.

You used to owe $17,500, of which you paid $8,500 down and 2 payments of $1,000. You really paid $2,500 per month; however, $1,500 per month is for your normal May and June payments.

So you have

$17,500

$ 8,500 Down Payment

$ 2,000 Payments (May and June) $ 7,000 Due on past payments

+ $ 1,500 July Payment

$ 8,500 New Total due to the Bank

Let's say today is July 3rd and you owe $7,000 and $1,500 from the July 15th payment, which totals $8,500. This is your new total with the bank. Now you call the same rep from the bank and do another Forbearance Agreement on the $8,500.

The bank will want $4,250 down, and the balance of $4,250 will be split evenly over the next 7 months. This now makes your new payment for August $1,500 plus $607.14 or $2,107.14. Your new payment will be $2,107.14 from August 1st through February 1st.

After Feb. Ist, if all payments are made on time, this is when you are out of foreclosure and March 1st is when your old payment of $1,500 will resume.

This is truly a great option for homeowners. This is a strict plan and you do need my assistance to do this.

Remember, banks are sneaky, don't trust what they say, everything must be in writing, before any money is sent to them.

Call now, let me show you how to work this option **800-299-6044 x41623**

OPTION #5 SHORT SALE

Briefly, a "short sale" is negotiating with a mortgage holder (bank) to accept less than what is owed as payment in full.

A short sale is a strategy when there is a distressed homeowner who owes the bank close to or more than what the property is worth.

Here is how it looks: The homeowners owe $200,000 to their first mortgage holder and the payments are in arrears (behind). Their property is worth $100,000. Closing costs are 20,000. The net to the bank is 80,000. With the proper negotiating strategies, we get the bank to accept $80,000 as payment in full. This constitutes a short sale.

With proper negotiations, a strong cooperative team, and cooperative homeowners, we take the time to build a relationship within the banking industry. Building these relationships contributes to our 92.6% success rate helping homeowners in distressed situations.

Do not let anyone discourage you from working with me on this process to resolve your short sale problems. Work with us and we will provide you the best solution for your situation.

YOU MIGHT ASK ... WHY DOES THE BANK SHORT SALE?

There are many reasons why banks accept short sales. The main reason is because the payments are late and you, the homeowners, can prove that you can no longer afford to pay the mortgage on the property.

The property does not have to be in foreclosure for the bank to accept a short sale. Some banks require the borrower to be delinquent while others will accept a short sale when the borrower is current and documents show that a problem is impending based on the particular distressed situation.

There is no specific number of payments that must be delinquent for the bank to open a short sale. Often homeowners will call us when they are not yet in default, but cannot make any more payments. In this case, we contact the bank on behalf of the homeowner (after you sign the Authorization To Release Information form) and let them know that you won't be able to make any more payments and to open negotiations for a short sale before the payments are even late.

Let us look at a few more reasons why banks short sale:

1) The mortgage is in arrears or foreclosure.
2) The property is in poor condition.
3) The homeowners have hardships and cannot make the payments anymore.
4) New homes in the area are being chosen over existing homes.
5) The area or neighborhood has depreciated.
6) Job relocation
7) The bank's shareholders are concerned when they have too many defaulted loans on their books.

Banks have reports due at the end of each quarter. They are more inclined to accept short sales at the end of a quarter to "clean up their books". Banks short sale all year, they just short sale faster in the last quarter.

Some banks are required to keep a cash reserve of up to three times the retail value for each REO. REO means real estate owned. Once a property is taken by the bank at the foreclosure sale it is considered an REO. An REO is a liability, not an asset. Too many liabilities will cause any business to go under if not dealt with quickly.

It breaks down like this: The bank has a $200,000 property and is required to keep three times that amount as a cash reserve. This means the bank is sitting on $600,000 in un-lendable money. Imagine if the bank has 2,000 foreclosures across the nation! The homeowners could drag the foreclosure on for two years utilizing the bankruptcy system. Would it be better for the bank to sit on $600,000 for two years or accept a short sale today? The answer is obvious. The short sale is a relief.

1) The area is crime ridden.
2) The area is riddled with foreclosures proving a decline in the area.
3) Many homeowners do not realize that banks wholesale money. Banks borrow money from larger banks and lend it to you. These banks must show reports in order to borrow this money.

Think of it like a credit report: Every defaulted loan is like a bad mark on the credit report. The more foreclosures a bank is carrying, the riskier it appears. If you were a larger bank lending to a smaller bank, would you lend your money to the bank with more or less defaulted loans? Exactly ... less! The bank needs to borrow this money as inexpensively as possible so that it can make money lending it to you.

As you can see, a short sale is often a welcome answer to a big problem. When the bank takes the short sale it can write the loss off and clean up the books before any reports are due.

AS A HOMEOWNER, WHERE DO YOU BEGIN?

There is a new "streamlined" HAFA (Home Affordable Foreclosure Alternatives) short sale process offered by the Federal Government which you may qualify for. HAFA promises short sale approval within 10-14 business days after a ratified contract has been sent to the Lender and gives the seller an incentive of $3000 at closing to help with moving expenses. But, because HAFA is a government-sponsored program, it's a lot more complicated than that.

To enter the program you first have to apply for a loan modification under HAMP (Home Affordable Modification Program) and then either fail to qualify or quit making payment after a Modification has been approved. You then have to give the bank a deed in lieu of foreclosure (see Option 7) that can be used by the bank if a successful short sale isn't made. This can readily happen if the bank sets the price too high, which they tend to do, or in the event other lien holders such as a second mortgage holder or homeowners association fail to agree to the short sale. In that event, you will end up losing the house and will not be paid the $3000.

In most cases the best option is to have us negotiate the short sale for you. It is important to realize that when **submitting a short sale package, we are building a case, the better the case, the better the chance of getting it approved.** With proper negotiations, we take files that are most challenging and turn them into successes for all parties. Most of our happiest homeowners have come from deals that have very difficult challenges to overcome.

Think of yourself as an attorney preparing for a court hearing. If the attorney shows up unprepared, the case will be lost.

Do you remember the OJ Simpson trial? Did you think he was guilty? If you think he is guilty, why do you think he walked away from a double murder charge? His attorney had built a great case. His case was presented better than the prosecution's case. Short sales are the same concept, the better the negotiator, the better prepared the case, the better the success.

Having done so many over the years, we know exactly what the banks are looking for. Before we submit your short sale package, let us look at an overview of what your situation is and connect with all parties to discover what we are going to do for you.

The Short sale process is very complex. Most of the time, you cannot short sale your own home, if you could everyone would. With this process, you need expert help and that is why we are here. **If you choose this option, call me ASAP so we could get you on the road to financial recovery.** Let us show you how we can negotiate your short sale and create the best solution for your situation ... everyone wins.

The Short Payoff verses The Short Sale

How is this different than the short sale? It also has to be done in a certain way. If you are an "underwater homeowner" let's says your house is worth $200,000 and you owe $210,000. Depending on your financial situation, you might try to negotiate a short payoff with your lender. In this scenario, the lender agrees to release the lien, their interest in the property, allowing it to be sold to a new buyer. The lender agrees to accept less than the amount owed on the property to release the lien, this is called a "short payoff."

The only catch is the previous lender, the one that took the short payoff, will instruct you to sign a promissory note for the difference OR SOME of the difference agreeing to "payoff" this unsecured line of credit according to the terms of the promissory note.

The promissory note is an un-secured document that is basically, an IOU to the previous bank. Please note that some Lenders will not make you sign a promissory note and will waive you of any remaining deficiency.

The Downside:

A. You must be current on your mortgage payments.

B. You must have good credit.

C. You must be able to prove you have the ability to payoff the debt in a reasonable amount of time ... basically 3-5 years.

The Upside:

A. You keep your good credit and can purchase another home or anything else you want.

B. You never fall behind with your payments and never get your name in the paper.

Will all lenders do a "Short Payoff?"

No, not all lenders will; however, you will never know if you never ask. Remember, the advantages of a Short Payoff is that you are able to move out of your property and get on with your life. We help negotiate that along with the promissory note for you. If for some reason down the line, you lose the ability to pay the promissory note, the credit ramifications to you are significantly smaller. Call me for your free advice at: **800-299-6044 x41623**

OPTION #6 "CHAPTER 13 BANKRUPTCY"

First, you need to contact a bankruptcy attorney. We are not attorneys and cannot give you legal advice.

The Chapter 13 bankruptcy is the reorganization of debt. This bankruptcy is going to buy you the time you need to get a short sale on the property completed and for us to help you with the short sale process. This option is used when you have a pending foreclosure date and there is not enough time to review you for the short sale option.

Call me and I will share with you what I have seen other homeowners in your same situation do to maximize their time to stay in their home. If you choose this option, call me ASAP.

Call me at: 800-299-6044 x41623

OPTION #7 "THE DEED-IN-LIEU OF FORECLOSURE"

The Deed-in-Lieu of foreclosure is when you give up ownership of your home and deed it back to the bank. The bank will accept this as long as you meet their criteria; however, it is not a good option for you. The reason it is not a good option is that the bank will typically place a foreclosure on your credit and you could end up owing the bank money in order for them to accept the DIL.

If you have any questions about this, please contact me at: 800-299-6044 x41623

OPTION # 8 Selling your home with a Realtor

From the first time that the homeowner, the agent and negotiator meet to the final settlement on your home, the time frame is roughly 3-6 months. Here's how that time breaks down.

Working with an agent to get the home listed on the market and get the short sale package put together on the property is an important part of the process to provide the required information for the negotiator. This time frame depends completely on you as the owner working with the agent to get the necessary short sale package returned ASAP, but should only take a week at most.

When negotiating a short sale with the bank, the property must be listed on the MRIS for public distribution.

The agent markets the property to get an offer in as quickly as possible. When the agent lists a short sale on the market the intent is to place the property at or just below market value in order to get an offer to the lender as quickly as possible. This can typically take anywhere from 30-90 days.

Once an offer is received, submitting it to the bank is the next step. The negotiations to get a bank approval can happen as quickly as 1 week to as long as 90+ days, but usually approvals happen within 45-60 days. This process is very labor intensive for the negotiator and agents, and typically involves numerous phone calls and emails to the lenders involved in order to make it all work.

After the bank approves the sale, getting the deal to settlement can take as little as 2 weeks, or as long as 30 days. At this point we are under the gun, so to speak, to make the settlement happen because the bank's approval of the short sale is only valid for a very limited time frame, and it's important that everything is done properly to ensure that we don't miss the deadline.

Please note that not every agent knows how to handle short sales and the success of your short sale is determined by the agents knowledge and understanding of how the process works.

If you are interested in pursuing this option then please call me at 800-299-6044 x41623

OPTION # 9 Re-Finance your mortgage

You may say “I’m working with my mortgage company!"

I would say ... "you're working with your mortgage company, that's great." What is your mortgage broker saying on getting you out of your situation? Does the mortgage broker know you're behind in payments? Did you tell them about that? What did they say about that? How many payments are you behind? In your situation, being over 90 days behind, you will only qualify for a 55% - 60% loan-to-value loan. Do you understand what that means? If you have a $100,000 house, you will be able to borrow only $55,000 to $60,000. If you are 60 days behind you will be lucky to get a loan for 75% of the value. At 30 days late maybe 85% of the value.

How much do you owe on your mortgage? What is your house worth? What would that loan-to-value be to get you out of your situation? So you see that refinancing your house if you are over 90 days late will not be an option. I hate to tell you this, some mortgage brokers don't tell you the truth. I apologize for being so blunt; however, I tell people the truth... not what they want to hear. Let me show you what I can do for you, ok?

Now, this is the typical conversation that I have with homeowners. So many homeowners have $150,000 and owe $140,000 on it and are 3 months behind in payments and they have a mortgage broker that charges them up front fees ... Appraisals, Application Fees, Credit Check Fees, Background Check Fees with no intention of getting the loan approved because they know they can't.

Mortgage Brokers

Mortgage brokers will promise to get your property refinanced even with your faltering credit. They will burn up you precious time while you are in foreclosure. They will tell you what you want to hear, to get you to work with them, knowing full well that they cannot perform on what they promised you. They typically ask for an application fee. **Do not give them any money ever!**

Call me, I will help you work out the numbers to see if you actually qualify for a refinance. If you are more than 90 days behind on your mortgage payment, the most you might qualify for is a 55%-60% loan-to-value.

Example: Value of your home $ 300,000
55% loan-to-value is $ 165,000 + closing fees of approx. $5,000.

OPTION # 10 DO NOTHING AND LOSE YOUR HOUSE

It doesn't sound like an option; however, I must present to you all of the options.

- You can play out the eviction process in the court system. If you want to do that then you need to call an attorney that specializes in the eviction process. Have that attorney tell you how to work the system to stay in your home. Remember, while you are doing this ***SAVE YOUR MONEY SO WHEN YOU MOVE YOU HAVE SOME!***

If you pick this option call me! 800-299-6044 x41623

For more information on your options go to
www.yoursecondchanceinc.com

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"help you make the right decision for your situation."

▶ I want you to know that you have several options other than losing your home to foreclosure. Please read these options and feel free to call me anytime to discuss the right option for *you and your family* situation. There is absolutely **NO CHARGE** for calling me. I am here to help you any way I possibly can.

▶ Banks can find ways to talk you into giving your house back to them which is great for them and terrible for you. If you choose that option, you will end up with a foreclosure on your credit report and a possible deficiency judgment. The bank never tells you this vital piece of information. **BANKS ALSO DON'T TELL YOU THAT THEY WILL REDUCE YOUR PRINCIPAL BALANCE AND YOUR INTEREST RATE.**

▶ My job is to help you make the right decision for your situation. Since each situation is different I want to share this Information Package with you so that you will understand your choices and make a good decision for your family. Here are some of your options:

Option 1: Principal Reduction Modification (PRA)
Option 2: Loan Modification
Option 3: Forbearance Agreement
Option 4: Deed In-Lieu
Option 5: Short Sale
Option 6: Bankruptcy
Option 7: Try To Sell Your Home With A Realtor
Option 8: Re-Finance Your Mortgage
Option 9: Repayment Plan
Option 10: Do Nothing And Lose Your Home

Please take a few minutes to read each of these options. I will be awaiting your call at **800-299-6044 x41623**

Sincerely

Lisa Wood

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