



# “Stopping Foreclosure”



**Home Champs**  
In Your Corner

E-BOOK Format.

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## Special points of interest:

- The real price of a bad decision
- Top ten solutions- Making the right choice
- Professional help vs. amateur
- What the bank doesn't want you to know
- What investors won't tell

## Inside this E-Book

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## Who's Making the Decision? Fear or Logic?



**Few things are more emotionally charged than financial troubles and losing your home**

Bank Foreclosure is scary!

Whether experiencing temporary setbacks; job loss, divorce, illness or something more permanent. Fear and emotion dominate our thoughts.

Most people in trouble find themselves in an emotionally vulnerable position, easy prey to unscrupulous investors, real estate agents, or lenders willing to take advantage of their situation.

It is important to make logical

well informed decisions.

When feelings & emotions (especially fear) overrule logic the homeowner always comes out losing.

I have taught thousands of people about foreclosure and how to the chal-

lenges that face them in foreclosure.

What is really important is knowing your options and then being able to take action in a Timely manner.

Waiting too long to make a decision will limit your options and potentially harm your family.

While foreclosure is common (affecting up to 10 homeowners in 100 in some areas) in reality every situation is different and may require a different

solution.

Before throwing your credit, money, and your home equity out the window let me help you past many of the pitfalls that others have made in the decision making process.

1. While time is of the essence don't be afraid to take a few hours or more while you "think it over".
2. Divide a paper in half and label one side "Pro" and the other side "Con" and list positives and negatives of major decisions so you can make the best decision.
3. Get all the information on foreclosure available and study it. An informed decision is a good decision.

Your financial future and peace of mind are at stake.

Making good decisions can bring peace of mind to you and your family.

## The Ten Most Common Foreclosure Options

Everyone faces different challenges when faced with bank foreclosure.

Some homeowners will have all ten solutions available to them while others may have only one or two.

Waiting to make a decision will limit your options rapidly.

I will list the ten most common solutions and then go into

greater detail explaining each one.

### Top Ten Solutions

1. Do Nothing
2. Reinstate The Loan
3. Forbearance Agreement With The Bank
4. Loan Modification
5. Mortgage Refinance
6. Sell Property
7. Short Sale Property
8. File Bankruptcy
9. Deed-in-Lieu of Foreclosure
10. Sale/Lease Back

## Ten Most Common Solutions Explained

1. **Do Nothing:** If you don't care what happens to your house, equity, credit or family you don't have to read any further. After the foreclosure timeline has run according to your state statute the house will be sold at auction to the highest bidder for cash. Paralyzed by fear many home owners fall into this solution simply doing nothing. Doing nothing is making a decision.
2. **Reinstate The Loan:** If you have the money or can borrow the money from family you can make up the back payments and penalties (if any have occurred due to the foreclosure process) and reinstate the loan. This the quickest way to end the foreclosure process. This is generally all or nothing, don't just pay part of the back payments if you can't pay them all. The bank will take your money and you will not have reinstated the loan. *Save your money for a better option.*
3. **Forbearance Agreement With The Bank:** The lender agrees to stop all foreclosure proceedings or legal actions after reaching an agreement which is satisfactory to them. Generally you will have to prove that you will be able to make future payments and that your financial setback was temporary.
4. **Loan Modification:** Similar to a Forbearance, loan terms may be modified (at discretion of the lender) to make payment of what is owed possible. This may include modification of length of loan, interest rates, amount of loan or anything else the lender will accept to recoup their losses and let you pay over time. In many cases the bank will take what is behind in payments and add it to the end of the loan increasing monthly payments enough to pay that amount off over several years. You may have to make a token good faith payment to the bank of anywhere from \$500 to several thousands of dollars.
5. **Mortgage Refinance:** If you have a lot of equity in your home you may be able to refinance your loan into something more manageable giving you time to get your financial situation under control. You will need a broker or lender experienced in sub prime loans to make this work. Generally the banks will want to see at least 40% equity to even consider doing this.
6. **Sell The Property:** If the above solutions are unavailable and you can sell your property for what is owed or more after agent fees and closing costs then it is time to seriously consider the sale of the property. This should be decided early on in the process so that you can sell with an agent or have time to sell before losing the property at auction. If you wait too long, only investors who pay cash and buy at a discount will be able to buy your property in time. One advantage to selling to an investor is that they pay cash, take the property in as-is condition, and can close quickly. This will stop the foreclosure and start salvaging your credit.
7. **Short Sale Property:** When more is owed on the property than it will sell for or the condition of the property is poor and a sale is not an option a short sale is where a skilled (not someone working out of their home part time) short sale negotiator will get the lender to agree to take less than what is owed to satisfy the loan on the property. If the negotiator is experienced it is not uncommon for them to get the bank to agree to a 20-40% discount on what is owed on the property. They may pay a token amount to you (generally around \$1000) to vacate the property. Be careful as such payments may violate state or federal law if not done correctly. The lender generally will not allow more than \$2000 (if they allow anything at all at closing) The lender wants to collect all proceeds to settle the debt. **If the first six solutions don't work this is usually the best solution to save credit, and get a little money to move with.**

***\*Most owners in foreclosure receive lots of mail, phone calls, or people at their door offering to help (they are really there to help themselves, if they help you it may only be by chance!). Really qualified investors will be able to offer multiple solutions and should have ownership in or partnership with lending companies, real estate brokerages, contractors, hard money lenders etc. Be leery part time investors with limited resources trying to cash in on your misfortune from their bedroom office!***

***\*\* These people contacting you should have an official place of business (not operate out of their basement) and have the financial resources to actually buy the property if a deal is made with the bank. They should be able to prove all of the above easily and quickly.***



**Partial Claim.** Your lender may be able to work with you to obtain a one-time payment from the FHA-Insurance fund to bring your mortgage current.

You may qualify if:

1. Your loan is at least 4 months delinquent but no more than 12 months delinquent.
2. You are able to begin making full mortgage payments.

When your lender files a Partial Claim, the U.S. Department of Housing and Urban Development will pay your lender the amount necessary to bring your mortgage current. You must execute a Promissory Note, and a Lien will be placed on your property until the Promissory Note is paid in full.

The Promissory Note is interest-free and is due when you pay off the first mortgage or when you sell the property.

## Ten Most Common Solutions Explained

8. **File Bankruptcy:** A temporary solution in most cases. New bankruptcy laws limit who can file and what type of filing can be made. It seems that most people are relegated to a chapter 13. While it puts a "hold" on foreclosure, in most cases it does little more than stall the foreclosure proceedings by a few weeks. While there are some cases where this might be viable (allowing a little time for a more permanent solution) invariably it seems the property still goes to auction and homeowners' now have **foreclosure and a bankruptcy on their credit report**. *This is not legal advice and merely constitutes the opinion of the author.*
9. **Deed-in-Lieu-of-Foreclosure:** Some times the lender will offer a Deed-in-Lieu to a homeowner. This means that you basically give your house back to the bank and that extinguishes their interest in the property and the lender becomes the new owner without having to go through the time and expense of a foreclosure proceeding. Lender's don't generally have to accept a Deed-in-Lieu. According to many lenders a Deed-in-Lieu-of-Foreclosure will affect your credit in the same way that a foreclosure will. If this is indeed the case why give up your house without trying other solutions that may improve your credit and could actually leave you with some cash.
10. **Sale/Leaseback:** This occurs where a buyer will buy your property and then lease or rent it back to you. The new owner may even give you a chance to buy the property back from him for a nice profit to the new owner. While this may keep you in your house, most of the time it only works in conjunction with a short sale whereby the investor buys the house at a discount from the bank and is able to lower your payments to a level you can afford and still make a profit each month. This is against the law in many states and has been the subject of a lot of negative press where investors use predatory practices to take advantage of people in distress. It is anticipated that in a few more years this may not be legal anymore or have so many restrictions that it is not viable. Many reputable investors will now not allow you to stay after buying your house (they may help you get into another property they own).

## Foreclosure Is Not A Simple Process

Who you put your trust in is your choice. When seeking advice or assistance be sure to choose Foreclosure Specialists that really understand the market your in and how to deal with banks on your behalf and offer many different solutions to you not just the one they prefer.

If a short sale is called for it is a time intensive job that requires full time diligence, follow up, and expertise. It has been stated in many publications that Short Sales may be only 30% effective (mainly due to the inexperience of the investor).

Only work with specialists or investors that have a long history of success and can show you references that substantiate far higher success rates.

Home Champs (the sponsor) has more resources than any other company in Utah and is the only company licensed to use this eBook.

Home Champs specialists will use several of these techniques at once for your benefit and guarantees to provide honest reliable service to you without charging you (they make their money from the banks).

Some of these services may include: Discounted loans through partners, discounted real estate listings, Short Sale negotiation, sale/leaseback matching with investors who will let you stay in your house, legal referrals, cash to purchase properties and much more. **This is the standard by which all investors and foreclosure specialists should be measured.**



## Should I Make A Partial Payment or Pay My 2nd Mortgage?

Many people feel guilty not making payments and going into foreclosure with their bank. Mistakenly they think making a partial payment is better than nothing. This is not usually the case. I have seen banks try and take money owners without any intention of stopping their foreclosure

If the first mortgage is foreclosing and you have a second (junior) mortgage don't pay the second mortgage just to keep it current. It will not help your credit, it will not save your house from bank foreclosure.

The only time that you should make a payment of less than what is owed for back payments and penalties is if an agreement has been reached with the bank for either a loan modification or forbearance.

There might be other cases where it is prudent to do so however; you should seek qualified professional advice before doing so.

Generally speaking the best thing to do is to save your money so that you have something to fall back on if the bank takes your house.

Never ever pay anyone to help you negotiate with the bank. Many unscrupulous people will promise you anything if you will only pay them. If one of these people contacts you RUN AWAY!

## How Do I Know If I Am Working With Professionals?

There are many telltale signs of a qualified professional (and I don't mean the type of car they drive or the clothes they wear).

When it comes to foreclosure specialists or investors that specialize in foreclosure there are two kinds.

**Part Time:** May or may not have another job, works out of his home or a home office. Probably has no professional licensing in real estate or the mortgage industry. Part time may mean that they lack the experience and the skill to support themselves negotiating with banks and other lien holders in a foreclosure situation. Probably new in the field.

**Full time:** While some of these foreclosure specialists may work out of a home office the better ones in my opinion have a real office that you can visit. They are probably licensed with one or more state agencies as either real estate agents or loan officers, they probably have a business license. They may be part of the Chamber of Commerce, Better Business Bureau, or other professional organizations.

Being full time means that they have the resources and experience to actually help people out of bank foreclosure and have done so often enough successfully that they can devote themselves full time to doing so.

They are experienced enough to earn a living with the discounts that they negotiate from the bank. **YOU PAY NOTHING.**

Full time professionals frequently have supporting staff to help them where a part timer or person working out of their home may not.

When choosing the right person to work with you make sure when your credit, equity, money or home are on the line you choose the most capable person to work with you. Remember that the only guarantee a true professional can make is to try their best to keep you out of foreclosure!



## What Will It Cost For Professional Foreclosure Help?

As touched upon earlier in this book a full time professional makes their money when they perform a service. They get paid from someone else not you. Occasionally I have run into unscrupulous individuals that will try and browbeat people into paying them to help. These are bottom feeders that don't mind kicking you when your down. Most of the time you never hear from them again ( they have your money!)

The only money you should pay might be to an attorney (and only if necessary) and possibly the bank if an agreement has been made that will benefit you and your family.

### Working With A Mortgage Company

If your in foreclosure and your credit is bad you need to be very selective in working with a mortgage company. Probably only 5% of loan officers (or less) are experienced in getting a loan for someone in this situation. Professional investors and foreclosure specialists should be affiliated with these hard-to-find types of lender specialists.

In actuality fewer than 20% (the number will vary from market to market) of homeowners in foreclosure actually qualify for a refinance and must have lots of equity in order to get a loan.

Don't waste crucial time with loan officers and brokers that can't give you a reasonable answer in less than a week. I have seen people lose their home while waiting on a loan officer/broker that couldn't give them anything more than promises until it was too late.

IF you want to sell your property for top dollar chances are that you will probably have to use a realtor. That doesn't mean that you will have to pay a full commission. Real estate commissions are negotiable and a good investor/foreclosure specialist should be able to direct you to a discount listing agent.

**There are a few things to watch out for when working with a realtor:**

**Give yourself and out-** make sure you can cancel the listing at any time without a penalty if another solution (other than selling) presents itself. Get this in writing.

**Exclude Buyers You Bring-** This means that if you bring a buyer (friend family member etc. that the agent hasn't marketed to) you will only have to pay a reduced commission.

**Don't Work With Inexperienced Realtors-** Only work with realtors that have done at least 20 short sales (ask how many they closed successfully). If you are working with a foreclosure specialist ask them for a recommendation. Many highly ethical specialists will try and help you sell your house while they are working a short sale in the hopes that a short sale will not be needed and you can sell the house for enough to pay off the bank and give you cash for your equity (always ask for this option).

### Working On Your Own

Theoretically you can perform most of these solutions yourself. However; many people find the bank unresponsive and unwilling to work with someone that is not a professional and who owes them money. The loss mitigation departments are all overworked and under staffed. Helping an inexperienced homeowner can be very trying for them and you. Seek advice before trying this (most foreclosure specialists offer free to you services anyway).

Go to [www.homechamps.com](http://www.homechamps.com) to hear testimonials from people that have worked with a professional.



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## The Home Champs Story

Home Champs was started to help family members and friends going through foreclosure. Some of our key negotiators have actually experienced the devastating effect of bank foreclosure.

They use their knowledge and experience to help others in the same situation negotiate with banks and creditors for relief.

Home Champs negotiators are some of the most capable and advanced bank foreclosure specialists in the country. Our specialists spend hundreds of hours each year in training and staying abreast of the latest developments affecting home owners.



Our Home Champs team has provided services to literally thousands of people in foreclosure or seeking information about foreclosure. Our services are free.

Working with Home Champs is the intelligent choice. Better service, professionalism, and more experienced people working on your case than any other investor or company.

**FOR A FREE PHONE CONSULTATION:  
1-877-882-4669 or 801-856-1510**

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first!**



## About The Author

Randall Wall is a full time investor writer with articles on investment real estate, Short Sales, Rehabbing, and many other more interesting topics in national magazines, newspapers, and on the net.

Randall has conducted seminars, provided training, and made friends with thousands of homeowners and investors across the country.

Currently Randall serves as the Vice President of the Salt Lake Real Estate Investors Association and has helped triple membership in just over a year.

Randall spends his time working with his dog Gypsy close by.

Gypsy was rescued as a puppy and has been a part of his and his wife Lisa's family ever since.

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