



WHITE PAPER REPORT



FORECLOSURE ALTERNATIVES INTRODUCTION

Foreclosure! It is one of the most feared words in the English language. It also is one of the most misunderstood. Sadly, in the wake of the recent recession, foreclosures are top-of-mind for many American homeowners.

If you search the word “foreclosure” on Google, about 154-million pages come up. Even worse, much of the information you find on those pages is confusing, contradictory and/or downright false.

There are some cases in which folks who are facing foreclosure might be able to stay in their home through the following options:

- Mediation (NEW)
- Loan Work out
- Loan Modification
- Refinance
- Bankruptcy

So where can you find a consolidation of helpful, accurate and trustworthy information on foreclosure? That’s why we created this website.

One of the big problems with the information glut is that almost everyone providing the information has an axe to grind - and it isn’t yours. If you are faced with the life-changing prospect of foreclosure, you need

expert information from an unbiased source; there are alternatives to foreclosure. That is also what this White Paper is about.

We will go into more detail about these options in the next section of this White paper. Please note, depending on your specific circumstance, a combination of these alternatives may be in order.

Yes, we are Real Estate Agents and, yes, we want to list your home if you choose to sell it – but only if the sale of your home is what you choose to do.

However the majority of homeowners facing foreclosure may need to make a move or leave their home for various reasons. In these cases the options are:

- Short Sale / Pre-Foreclosure Sale
- Deed-in-Lieu of Foreclosure
- Bankruptcy
- Foreclosure

We provide this White Paper - with no obligation - to help you make the best choices for you and your family. We are all in this economic downturn and recovery together and we think this White Paper will help you make the important decisions in front of you.

REMEMBER: There is no single or simple solution to foreclosure; every situation is unique. We strongly urge anyone facing foreclosure to seek professional advice from an unbiased third-party before making any decisions.

PLEASE CONTACT US IF YOU HAVE ANY QUESTIONS OR WOULD LIKE TO DISCUSS YOUR OPTIONS:
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POSSIBLE ALTERNATIVES TO FORECLOSURE

MEDIATION PROGRAM

As of July 22, 2011, Washington State homeowners have the option of mediation under the Washington Foreclosure Fairness Act. This is a process where a mediator assists the Homeowner and the Lender to reach a fair, voluntary, and negotiated agreement. A mediator is not a judge. Foreclosure mediation programs have proven effective in reducing foreclosures. For more view: <http://www.dfi.wa.gov/consumers/homeownership/pdf/ffa-homeowner-handout.pdf>

REFINANCE

Borrowers that have loans that are owned/guaranteed by Fannie Mae or Freddie Mac may be able to refinance their mortgage to today's current low rates even if the property is underwater. As long as you are current on your mortgage and have not missed a payment in the preceding 12 months this may be an option

SPECIAL FORBEARANCE/LOAN WORKOUT

Your lender may be able to temporarily reduce or suspend your payments for a fixed period of time. At the end of that time, you must make a lump sum payment or enter into a long-term repayment plan to pay back the reduced or suspended amount. Forbearance may be a good option when the cause of your default is specific and temporary and it is reasonable to assume you will be able to resume making payments at the end of the forbearance period.

REPAYMENT PLAN

Your lender may be able to arrange a simple repayment plan whereby you make your mortgage payment plus an amount of the total in default. The plan could be a few months long, or may extend to a year. At the end of the time period, you would have paid off the past due amount and your payments go back to the original payment amount. A repayment plan may be a good option when the situation that caused your default is resolved.

MORTGAGE MODIFICATION

You may be able to refinance the debt and extend the term of your mortgage loan. This will help you catch up by possibly reducing the monthly payments to a more affordable level. You may qualify if you've recovered from a financial problem but your net income is less than it was before the default.

PARTIAL CLAIM

Your lender may be able to work with you to obtain an interest-free loan from The U.S. Department of Housing & Urban Development (HUD) to bring your mortgage current, if you qualify.

PRE-FORECLOSURE SALE

This will allow you to sell your property and pay off your mortgage loan in full. You will avoid foreclosure, avoid additional damage to your credit rating and retain some of the equity from your home. If you're unable to afford the house long-term, you may sell the house yourself before the foreclosure.

DEED-IN-LIEU OF FORECLOSURE

As a last resort, you may be able to voluntarily "give back" your property to the lender. This won't save your house, but will help you avoid foreclosure and shorten the time needed to obtain another mortgage loan in the future.

BANKRUPTCY

Bankruptcy may be helpful or necessary given your unique financial situation. Bankruptcy will delay a foreclosure that is active in process but won't necessarily keep the property from being sold or foreclosed on. Sometimes bankruptcy can help you keep your home. Sometimes bankruptcy may require the sale of your home. It is important to talk to a bankruptcy attorney to understand the positive and negative implications of a bankruptcy.

SHORT SALE

A short sale is a real estate transaction in which the sales price is insufficient to pay the homeowner's debt(s) and obligations along with the costs of sale. (More in the next section).

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