

## ***What Options Do Homeowners Have when a Foreclosure is Filed.***

**Call your bank or lender and ask them to reinstate the loan.** You may be allowed to reinstate or make the loan current by paying a lump sum or making scheduled payments to your lender over a given amount of time.

Here is an example:

Sally has fallen behind 3 payments. She is required to make a \$2000 mortgage payment per month. Now that she has fallen behind there are \$500 in late fees. The total due now is \$6500 to reinstate the loan. She pays the bank, and the loan is current and she continues to make her regular monthly mortgage payment. The Notice of Default (NOD) is canceled, the home is brought out of foreclosure. There is however a history in Sally's credit report.

Something similar to reinstatement is called a Forbearance Agreement. You can ask the bank if they will add the amount owed in back payments to balance of the loan. The bank may be willing to take a smaller portion upfront and add the rest to the loan balance. There are several other scenarios that may be acceptable. Basically this is a negotiation with the Bank. You and the Bank can have discussion on what you can do and what they will accept, if anything.

**You can refinance your home.** This option is dependent on your equity position, your ability to prove income, and several other factors.

**You can list your home with a Real Estate Broker.** If you have equity in the property this can be a great option. There are costs associated with selling a home. The Realtor can give you a list of costs and an approximate value based upon market conditions. Your lender may be willing to forgive a portion of the balance owed if a sale is presented. This is called a "short sale." There are legal ramifications to this option so you will need to look into ramifications for the lender's ability to collect more in the future, Federal and State Taxes and how this impacts your credit rating. A professional Realtor and or a Real Estate Attorney can be a valuable asset in researching this option.

**You can give the property back to the lender.** If there are no other liens on the title, the lender may agree to take the property back. This process of transferring ownership from you to the lender is called a Deed in Lieu of Foreclosure. You sign the property over to the lender voluntarily.

**You can file bankruptcy.** It is very important you understand how bankruptcy works. There are several kinds of Bankruptcy. Each had different rules. A bankruptcy may give you some time before the bankruptcy can be concluded. Again, you need to seek good financial advice from a tax advisor or tax attorney.

**You can let the foreclosure go its full course of action.**

**There are additional rules to protect those in the military and renters from action.**

**You can talk to a HUD approved Housing Counseling Agency for more information.**