

The Right Way to Buy Your Home

Know Your Options and Avoid Foreclosure

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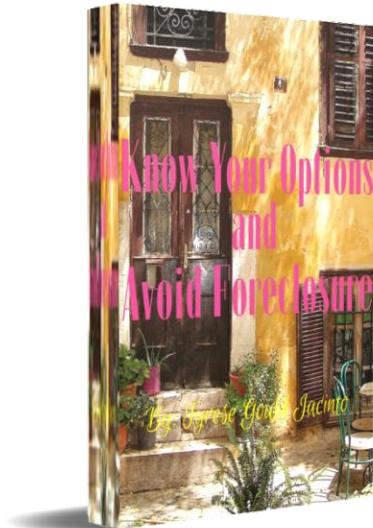


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***YOU HAVE THE ABILITY TO
MAKE THE DECISION!***

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Introduction to Foreclosure

In the recent times, the concept of foreclosure has become immensely popular. In spite of the gaining popularity, there are many people who do not know about the reasons and circumstances that show the way to Foreclosures. Not only that, but people do not even know how to avoid foreclosures.

One has to have in-depth knowledge of the facts related to the foreclosures. This will give a better understanding and help people to handle situations. Like what are foreclosures? Situations leading to foreclosures, the laws related to the homeowners and money lenders, procedures to know of when one is involved in a foreclosure and more.

This is a book which will help one in understanding the different minute details involved in foreclosures and how one can avoid the same. Read on for some interesting and basic facts on foreclosure!

The real estate market has suffered a setback right from the year 2006. Since then the home owners around the globe have been forced to come to terms with foreclosures. A foreclosure is a term associated with forgoes or fail to retain the ownership rights of one's house or property. Failing to pay for the mortgage of the purchased property leads to foreclosures. Believe it or not, the present economic slump is also a powerful effect of the foreclosures that have been happening over a period of time.

Simple Understanding of Foreclosure

Foreclosure is technically defined as a right of redemption on a property. The situation arises when a person has taken a loan on property by mortgaging it or has purchased the property through a loan and is not being able to pay for the repayment installments. In most cases the borrower is a house owner who had accrued his property with the aid of loans, which due to some reason he is unable to pay back in time. As soon as the borrower fails to pay the loan amount, he or she becomes a "defaulter". If the defaulter has no other source to pay off for the loan, the

property is seized and sold to recover the loan amount. This will result in a decrease in credit rating for the borrower who becomes a loser in the future.

A borrower can take a loan for purchase of the property from a financial institution or a bank. The sanction of the loan involves quite a few legal formalities. This results in the intervention of a third party in the cases. At this point, the judicial and non-judicial foreclosures come into the picture.

Judicial foreclosures are foreclosures that are overlooked and executed by the court. In this case the lender can take over the property directly with the assistance of court intervention. The process would be conducted by the mortgagee or the agent under the guidance and surveillance of the court.

The final decision is taken by the mortgagee or lender in case of non-judicial foreclosures. The foreclosure would be conducted all the way through by a public auction system. The borrower receives a notice from the sheriff in case of judicial foreclosure. The auction is conducted at the court hall. The process involves legal formalities held between the lender and the borrower. A person who is purchasing a property in an auction can make huge profits, if he can manage to buy the property at a lesser auctioned price than that of its market value.

In cases where the bank takes over the property one would have to wait till the bank finds a perfect buyer for the same. Given the facts, it can be wisely said that Foreclosures certainly aid borrowers to meet their loan arrears.

Owners of a property try to avoid the lengthy and elaborate procedures involved in Foreclosures. This is specially related to borrowers who have a history of bad credit because it will be very difficult for them to avail loans. Though there are institutions to assist you with foreclosures yet for the interest rate can turn out to be sky high for borrowers with a bad credit history.

One can purchase a relatively high-priced property at a low cost at foreclosure auctions or sale. This is seen as an advantage for the buyers. The purchaser of the foreclosed property can then sell off the same at a profit making and titanic gains!

Situations Leading to Foreclosures

When no further monetary dealings are possible between the borrower and the lender, proceedings for Foreclosures commences. When borrower is entirely bankrupt, he can find no alternative to repay the loans he had taken for his or against his property. Then, he is left with no other choice apart from the Foreclosure.

Foreclosures do not give anyone the consent to throw you out of the house without prior notice. Only when there is judicial intervention, the court can order you to leave your house. The court too has a set of rules for foreclosures and evictions which must be followed.

When the foreclosure of your property is handled by a bank, it is recommended for you to find out from the bank as to when they will begin the procedures for the same. It may as long as 90 days for the bank to commence with the proceedings. It is best to have the knowledge of the dates of proceedings, so that you can make alternative arrangements to move out in that span of time. This is because you will have to find a house which you like and fits within your rent budget and then move out your belongings.

Foreclosure proceedings begin when a borrower skips the mortgage and all other associated payments related to the owned property. A bank will first try and work out a solution with the borrower so that the foreclosure can be avoided. Banks are known to make settlements or find alternative methods prior to the decision of the foreclosure. When the borrower continues to miss the payments and avoids contact, the bank will resort to legal action. It will first send a note to the borrower demanding payment, based on the acceleration clause. The acceleration clause is a kind of mortgage note. It reads that upon failure to make the repayments the total amount which is due on the borrower will have to be paid in total at call. It would also include the amount of interest calculated by the bank as per the terms of the contract.

Once you receive the mortgage note from the bank, it is indication enough that you should contact your attorney. An attorney will help you to proceed with your legal formalities regarding the foreclosure. A mortgage note is the starting

point of a future foreclosure. The banks would follow up by sending across the "Notice of Intent to foreclose" the notice is served with the help of the sheriff and the court.

Once the notice is served it is expected from the borrower to meet up with the authorities and work out a solution. When the borrower does not respond to any notice or call the borrower will be tagged guilty of missing payments by the court.

The court will apparently give legal permission to the bank to then begin the proceedings of foreclosure. The bank then announces the foreclosure of the property in the local media through advertisement. An auction is followed on the decided date and the property is handed to the highest bidder. The borrower loses his property as the price for his loan.

Contingencies Taken Toward Foreclosure

When a borrower misses to make repayments for his amount of loan, it will lead to foreclosure of the property. The specified number of missed payments, usually 3 total, which would lead to seal on the borrower's property is mentioned in the loan contract.

The number of defaulted payments also depends on the characteristics of loan you have along with the contract terms. The mortgage contract states clearly as to how many payments you can miss ahead of a Notice of Default is filed against you.

As and when a person misses the first payment of the loan, it is a big indication that in the future there could be a situation of foreclosure. A home equity credit line to lock your interest rates must be set to prevent such a situation. This will give you the prospect to get fast cash in cases of emergency.

Missing paying up a mortgage payment not as simple as missing a credit card payment. It could be counted similar to a criminal offence. After you have missed a

maximum of four mortgage payments, you can be assured that a Foreclosure proceeding would be started against you.

The credit history of a person is negatively affected when he evades a mortgage repayment. A bad credit history reduces the chances of getting future loans. These loans could be useful to a person as he can save his house from getting mortgaged, through the loans. If you default at the mortgage repayments, chances of your getting future loans decrease with every payments default.

Avoid missing payments in a row as this will speed up the foreclosure procedure for you. Once you have missed around three to four payments, the lender party, bank or financial institution will begin the foreclosure proceedings against you.

Parties Involved in Foreclosure

Missed payments would lead the banks or the financial institutions to declare foreclosure. Once the foreclosure has been declared the rest would follow:

- Mortgage holders and other lien holders who hold interest in loans on your property, used as collateral, would be amongst one of the first people to foreclose your property.
- Banks and additional financial institutions from where you had got a lump sum loan for your property following which you failed to pay them back the monthly installments are also liable to put up your property for a foreclosure. This will be done with assistance from the local court or judiciary.
- A forced foreclosure and eviction can be issued by the sheriff, if the homeowner fails to make the payments even after repeated warnings. Notice is even served when the borrower does not respond or ignores eviction notices.
- The property is finally foreclosed by the auction houses. Once a foreclosure has been declared, legal notices are put up in public stating the details of the

property in auction. This would be complete a little over 90 days after you have failed to make your mortgage payments and your property has been declared for foreclosures.

Relation Between Tax Lien and Foreclosure

A tax lien is imposed on a person once the property has been decided for foreclosure.

A tax lien is a type of tax imposed on property by legal institutions to secure payments of the respective taxes. These could be taxes that have been imposed on real or personal property that are a result of one failing to pay income tax or other associated taxes.

In case of Foreclosures tax liens are generally imposed upon real estates that the property owner has to pay up under all circumstances. This tax is even imposed upon the current property owner if it was actually incurred by the prior owner of the property.

There are various methods by which tax lien related payments could be made. A property owner has the rights to make these payments directly or has the option to utilize the services of a mortgage holder via an escrow account. In case of the property owner using the services of a mortgage company, the company is liable to receive all notices related to the property and its payments and even if the property owner does not possess an escrow account, the mortgage company is bound to pay up the same in his or her behalf. However, they have every right to demand the same from their client. In some cases, the mortgage company can go as far as creating an escrow account for their clients so that they can make their payments through the same. If this is not done the mortgage company might end up making a loss in its value of mortgage lien if the taxing agency sold out the property to meet unpaid taxes foreclosure.

In cases where the property owner sells off his property before foreclosure with government aid, the tax lien if any is paid off during the closing of deal from the sale proceeds.

Tax lien comes into focus when it is not paid prior to foreclosures. In such a situation the property could be seized off and sold at a foreclosure.

For a purchaser, it becomes obligatory to check on a property that he plans to purchase especially if via foreclosures. This is to verify and check for any associated tax liens, unless he wants to fall into numerous legal clichés associated with the same. Further he will end up paying tax liens for expenses he has not incurred. He will have to pay because he purchased a property where the previous owner was a tax defaulter. In case of personal properties, it becomes mandatory for the present owner to pay up all related taxes. An owner will not be permitted to sell his property unless all property related taxes have been paid by him. Every government ensures that property taxes are paid by property owners. This saves them from a tax lien being issued against them.

However, real estate owners are big time gainers when it comes to tax liens. The real estate boom that happened in recent years is in fact a result of tax liens.

Properties at prime locations whose owners had failed to pay up the property taxes due to some financial crisis or personal problems led to the boom. The real estate developers who generally have a lot of money in hand make an offer to the property owners to buy property and pays off all his tax liens. This makes them the owners of prime properties at strategic locations which they can later sell at a much-elevated price. All they have to do is list out such properties with tax lapse, from which they can churn out whale profits.

The Foreclosure Period

Would you like to know the amount of time required in the entire process of foreclosure? Well, this is one question that pops up in the minds of all owners involved in foreclosure. Property owners panic as to how long it will be for them from the time, they take delivery of a foreclosure notice from the sheriff to the auctions to happen, and the property deal to be closed. Since they do not have the proper idea of the foreclosure period, they cannot take adequate measures to stop

the property being foreclosed or chalk out other alternative plans.

Factors affecting foreclosure time period:

The duration of a foreclosure depends largely upon the governing body or state and its legal laws. The prevalent law is a vital factor that would decide when the foreclosure proceedings would start and end. This begins once the property owner has missed a mortgage payment. The property owner whose property is to be foreclosed must be aware of the same so that they are well equipped to face the situation.

Estimating time frame:

- Mortgage companies: they would generally begin the foreclosure process 3-4 months post the owner misses the first mortgage payment.
- Though the stated period is 30 days after first missed payment, most money lenders are kind enough to provide property owners a second chance. The lenders give the owners 3-4 months' time in hand to make necessary arrangements. If the loan default is paid within that period, the question of foreclosure does not come into the picture.
- Constant touch with banks: If you are a smart property owner who has fallen into a foreclosure situation, you can delay the entire foreclosure process. This can be done by being in constant contact with your bank or financial institution. This would lengthen the foreclosure procedure by months if you manage to keep your bank occupied with various paper work related to foreclosure or even make an attempt at resolving the foreclosure sale. You can even ask your bank for extra time if you see some money coming in the future. By avoiding regular contact with the bank, one would only speed up the foreclosure sale as the bank would assume that you are avoiding making of any payments.

The actual eviction from the property would only occur after the sheriff sale is over. This happens after the bank has secured a court order for eviction. This could take 3-4 months to take place at times. This is to give the homeowners

adequate time to seek a realtor for a short-sale, refinance with a hard money lender or relocate and plan their future. In extreme fortunate cases they can aim at refinancing or repaying their loans however, most will want to sell.

The actual foreclosure sale would only happen two to three weeks or even months after the sheriff has declared and passed a notice. The sale of property would occur at a county courthouse which is attended by the owner too.

Importance of Having an Idea About the Time Period of Foreclosure

Most property owners who are involved in a property dispute are unaware of the exact time that they would be involved in a case their property is put up for foreclosure sale.

Since they do not have the idea of the time frame, they cannot plan any last-minute actions to save their property from the foreclosure and sale. Moreover, when the sheriff plans to take quick action, the owner and family could be thrown out of the house before they could even contemplate it.

This will just make a person understand, how important it is to know about the time period involved in the foreclosure process. You can meet with your lawyer during that period and avoid the foreclosure by devising a plan and payments scheme or decide to sell.

Smart Facts to Keep Foreclosure Away

Who would like to lose his property through a foreclosure sale? Not many. It is not every day that a person purchases a house or a property. After all everybody has various dreams and aspirations around their owned property. This is the very reason they would not like to simply hand it over to a third party. There may have been some financial crisis or unavoidable circumstances for which the owner may have failed to pay the mortgage loan resulting in a foreclosure. Ups and downs are a part of life. It is a sorry state of affairs but definitely not the end of the road.

Well, you don't have to worry! There are numerous options slowly emerging for property owners. These are like the magic clauses which are adept in order to prevent foreclosure sale of their property.

If you have plans to avoid a foreclosure sale of your property, the first step that you ought to take is to contact your financial advisor or a legal firm which is well experienced in handling a foreclosure situation will guide you through the various options available. Apart from this you can look up different websites on the net for advises or read up blogs of people who have been victims of a foreclosure sale. You will come across some information which will give you the tips to come out of the foreclosure mess. These will give you a reasonable idea on how to advance.

As you read on, we will be giving you some *interesting tips* on how to avoid foreclosures on your property in this chapter.

Be Smart and Avoid Foreclosures?

To begin with *get in touch with counseling agent* to advise you for a home loan modification. A home loan modification will help you reduce your monthly EMI's for home loan. This will help you to retain your house as small monthly payments could be affordable and chances of skipping it will be less.

Talk to your money lender to help work out solutions to prevent a foreclosure. Be it your bank or any other financial institution from where you have availed the loan, speak to them for alternative ideas and plans to help you save your house.

If you're unable to make your mortgage payment, get in touch with your lender immediately in order to stop foreclosure. Ignoring the bills will only make matters worse, increasing the likelihood that you'll lose your home for sure.

Borrowers who look for foreclosure help early are much more likely to work out a solution, even in dire situation. Mortgage companies want to avoid foreclosure as much as you; this is because they make more money in the interest involved in the loan than they make in processing a foreclosure a deal. Based on your situation, your lender may be able to offer the foreclosure help that you require.

Look for reinstatement opportunities: in this method, the owner of the house who is apparently also the defaulter is given another chance. He can choose to make the payments on a future date of the entire amount of loans outstanding. Who knows you can suddenly get a bulk amount from company bonus, profit or a tax refund.

Go for a forbearance agreement: That is the lender allowing the borrower to decrease or minimize the mortgage payments for a time period. Within this period options for payments are worked out on the current loan.

Plan a repayment plan with your fund's lender, till you have money structured to pay your actual loan amount. This repayment plan would be so made, so that your monthly payments are made much lower and affordable. This will help you to make up most of your losses and be in a better financial position. Once your financial position improves you will be able to pay off your loans at the actual amount once again.

Mortgage modification. Mortgage modification is the process of working out an agreement with your money lender, whereby you could request your money lender to change certain terms on your loan document. With the modification you could still pay your monthly loan amount at an affordable rate. Changes could be brought about by incorporating the amount of the missed payments into the existing loan balance. Alternatively, a change in payment can be modified by altering the interest rates from variable to be fixed. One could also extend the number of years for repaying the loan. Increasing the years would reduce the monthly loan expenditure.

Make sure you *opt for mortgage insurance.* Mortgage insurances are insurances issued against your loan amount which you can use in crisis situations. It can be used in the times of foreclosure whereby you could obtain some amount of money to save the present situation. An insurance claim can delay your foreclosure for months. You would qualify if your loan is between 4- and 12-months period. All you need to do is sign an interest free promissory note to enable a lien to be imposed upon your property till you are able to pay off the same. These are the numerous advantages of mortgage insurance.

Avoid missing a payment if you don't want to fall into the foreclosure trap. It's best to avoid missing a payment.

List and sell your home for the market value for a quick sale. This is also a great way to get from under a mortgage loan that may be more than your home is worth. If you sell for less than the mortgage amount, you will need to work this out with your financial institution prior to the sale for the agreed market value amount. You will also need to make arrangements to have any balance after the sale forgiven or settled. If you do not make this prior arrangement, you will still owe the difference of the loan value and sale. This is called a Short sale.

If you owe less than the market value, than you would be intitled to any proceeds after all taxes and liens are paid. Why would you give your hard-earned money away!

One of the finest ways to avoid a Foreclosure is to bring to a halt the filing of Notice of Default. The only way to prevent it is to be in constant touch with your money lender and not to stay away from him. Staying in touch can enable you to work out a solution. Your money lender may opt for forbearance that is by giving you adequate time to reorganize for the current situation and the default payments.

In rare cases the lender can give you debt forgiveness, that is, he may forego your current payments for a time period. But it is advisable not to expect this degree of goodness. Your money lender may also extend your awaiting payments over a large period of time. When you talk to a lender in good faith, he may come up some options which may be beneficial to you. Though you cannot thank the lender enough, but you must try and meet the redesigned and comfortable pay scheme.

Don't Ignore the Situation

Ignoring will fuel the problem: that could end you up face to face with a foreclosure. Be open to negotiations and conversations with your lender at all times. Your lender would definitely work out an option for you.

Contact the State Government Housing Office for help: you can get in touch with the government housing office for any questions and information's that you would want to know regarding foreclosures. Having sufficient information about foreclosure and its connected laws will give you plenty of chance to plan a way out of this predicament situation.

Get in touch with your state housing development counselor at first. They would be bound to find a way out for you. In the United States of America there exists HUD or the Housing and Urban Development association in every state which help homeowners in times of crisis through free counseling. These counseling sessions throws light on how to avoid foreclosures. The counseling sessions are educative and helpful. They can go to the extent of explaining you every detailed law associated with foreclosures, help you plan your finance so that you could avoid the same. In some cases, they could also become the intermediary between you and your money lender. This is best alternative in situations where you would not like to face each other.

Make your savings more than the expenditure: When in a crisis situation, spend only on necessities rather than luxuries and other impulse purchases. Try and cut down your everyday expenditure so that you could make your mortgage payments. When you have to make a choice between the credit card and the mortgage payment, pay for your mortgage. Remember, credit cards are unsecured loans and can be settled by paying a lower price later. Cut down on restaurants, movies, outings and vacations for a time till you have made up for your losses.

Planning Your Assets

A foreclosure can be avoided if you have worked through your years to build your assets. Assets could be in the form of a car, gold or silver jewelry. Assets with high resale values, any policies, shares or savings could be used at this point of time to make your mortgage payment and save your house. Like for Christmas you could buy a policy apart from your spree shopping, for your birthday you could make some investments. All these little savings are big help when you are in a financial mess.

Take up freelancing part time jobs. If you can add an extra income by doing a part time job to meet your mortgage payment take it up! After all an extra effort can lead to an extra income that can help you avoid a foreclosure. You will, be able to save your asset with a little hard work and that too for a limited period of time.

Foreclosure consultants' empty promises trap: the foreclosure consultant who go outright to demonstrate to you that a foreclosure could be preventable if you remunerated them a certain amount of money. Be smart and smell the foul play.

Instead utilize that cash to pay back your mortgage loans. In fact, at worst cases you could end up being a part of a foreclosure scam. These are scams that generate from profit making organizations which lure or convince you that they would avoid a foreclosure for you. No miracles happen as you see the foreclosure in front of your eyes but they are successful in extracting a heavy amount of money.

One could avoid a foreclosure when he files for a bankruptcy. This would withhold foreclosure proceedings for a time period. One can make the most of this time by planning out an option as to how he will meet the loan repayment situation of the mortgage. Take help from an attorney. If you are a novice in this it would be best for you to recruit a foreclosure attorney. The attorney will direct you on how to avoid a foreclosure. He will give you the best options available to and will also come to your help with all the essential paper work necessary.

Read on the internet for various blogs and advices on how to stop a foreclosure sale. I am sure these will be helpful. You can get an occasion to relate with people who have experienced or are about to experience a foreclosure deal.

There is absolutely nothing that you cannot find on the internet. The best advice on foreclosure along with practical examples will be available for you to read and understand. You can then try and imply it in your practical scenario. Use the search engines for all the help that you need.

Making Smart Money Choices

Make smart money lender choice: One of the most important factors that could help one avoid a foreclosure is to study your money lender before you pick him or her. Not only that, but it is equally important to understand all the minute details of a loan prior to accepting it.

There is no limit to options available to stay away from a foreclosure. Abundant options can be worked out. Your alternatives don't stop unless you have given up the fight. So, it is very important to be strong minded. You have to work towards a solution. Remember all the happiness you felt when you finally became the owner of the property. Think of the good times that you have spent there and those uncountable memories. All of it will give you the strength to carry on your fight to save your property. Mind the use of credit cards: You will realize that after a time you are unable to pay your mortgages because you had been busy paying off your credit card bills.

Activate home equity lines: At least 90% of foreclosures could be prohibited or delayed if home equity lines of credit were previously activated. This can often be set up for no cost and can lock in rates as low as 4%. In most cases you pay zero each month if you do not access the line. No one ever expects sudden health problems, loss of a job or emergency requiring funds fast. All of these are contingencies. These events might prevent obtaining a loan once they occur.

By setting up a home equity credit line before you ever miss a mortgage payment, you will have money when you really need it. Just write yourself a check.

When things get back in order, pay back the line and then use it again the next time. But do not take advantage of it and make regular useless expenditures. It is there for times of emergencies to bail you out of financial crisis.

A friend in need is a friend indeed. In this crisis period do not forget to take help from a friend who might help you out with the money required to meet your mortgage payments. After all you can always pay a friend back that too without an interest when your sunny days arrive again! And you would not have to lose your house to a foreclosure! Do not feel ashamed to ask help from a friend, relative or

close associate. After all, if they really love you, they would never allow you to lose your home to a disastrous thing as a foreclosure. In case you have a big ego, crush it my dear or it will crush your property.

Identify Your Issues

Face your problems: share your problems with your friends and associates and with your entire money lender. They will definitely find a solution for you. It is wise to accept that there is a problem rather than run away from it and thinking all is fine. Look for genuine money lenders: some money lender will show you no other alternative apart from the foreclosure.

They are the clan of lenders who are there only to make money and do not believe in humanitarian grounds. Remember options in 90% cases are workable so always take multiple opinions and consultations before you take a decision or are forced to take one.

Sell your property. You can find a good local realtor to sell your property if you want to avoid a foreclosure. It works! Selling your home, will get you a higher amount rather than selling your house off through foreclosure at an auction.

This way you will definitely get more money from the sale proceeds with which you can purchase a lower or equivalent value property without having to lose out on a whole lot of money and engaging yourself in numerous paper work related to foreclosures. If you sell as a short sale, you can purchase a home in as little as two years from the time of sale.

The last resort: even if you have lost your house or property to foreclosure you still have an option to buy it back even after you are evicted! You can end up being the highest bidder if you are able to organize the cash required to purchase your property under auction during the period when the sheriff plans your foreclosure and entire eviction process. If money is arranged prior to the auction you can buy it, but do not pay an amount which costs you more than the property.

Buy a new one!

To Review

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If you would like more information on listing your home for a shore sale, you can contact me at the following:

[Tyrese Gould Jacinto, Licensed Realtor Associate](#)

[Tirelli-Pierce Real Estate, LLC, 2581 E. Chestnut Ave, Suite B4, Vineland, NJ 08361](#)

[MAIN: \(856\) 362-5651, CELL: \(856\) 332-3817](#)

Conclusion

Foreclosures are painful for the owners of property. There are times in life when hardships fall on us and losing property as a result of it is saddening. Life can never be foreseen but contingencies are inevitable. It is thus recommended to save for the hard times. Foreclosure is a just another loss and can be avoided if life is well planned and money is intelligently spent!

Be bold, be strong, take control.