MY REAL ESTATE
SOLUTIONS

How to Save Your Home From Foreclosure

My Real Estate Solutions
1740 Old Fort Parkway #1026
Murfreesboro, TN 37129
www.myrealestatesolutions.com

How to Save Your Home From Foreclosure

We are THE Foreclosure Intervention Specialists and can help YOU find a solution that aligns with your goals.

It is our mission to help as many families as possible facing foreclosure, and we will provide you with the guidance to empower you to navigate through the options that are available to you. We understand this can be extremely challenging, confusing, and stressful. You don't have to go through it alone, and our experts will help you make informed decisions that best align with your needs. **Plus, we are a local, family owned and operated company all based right here in Tennessee!**

The first decision you have to make is whether you want to keep your house or sell it. If you decide selling your home is the best choice for you, we would like to present you with a custom offer for us to buy the house from you and make the process simple, quick, and easy! We realize there are questions you may have such as: "Where will I go?", "How much money will I make from the sale?", etc. When we customize your offer, we make sure to address all of your concerns, resolve the foreclosure situation and stop the auction, help you and your family relocate if needed, and can sometimes even give you a little bit of money before closing to cover your moving costs! We are dedicated to doing everything we can to see to it that you can put this situation behind you, whether you want to keep the house or not, and have a fresh start!

Keep Scrolling Down to Learn How to Save Your Home From Getting Foreclosed On!

*****None of the information on this document is legal advice, as this is all based on our own years of experience in working with homeowners in pre-foreclosure.**

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WARNING:

There are a lot of scams that want to prey on vulnerable homeowners who are in pre-foreclosure.

We will NEVER ask you for any type of payment for any of our services, advice, or consultations.

Foreclosure scammers will tell you they'll save your home from foreclosure, when they're really just taking your money.

How to Spot a Foreclosure Scam
(Watch for these scam warning signs):

- You're asked to pay up front for help.
- The company guarantees it will get the terms of your mortgage changed.
- The company guarantees you won't lose your home.
- You're asked to sign over title to your home or to sign other documents you don't understand.
- You're instructed to send your payment to someone other than your mortgage company or servicer.
- The company offers to do a "forensic audit."
- You're told to stop paying your mortgage.
- The company says they're affiliated with the government, or uses a logo that looks like a government seal but is slightly different.

Remember, if something sounds too good to be true, then it very likely is.

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SOLUTIONS

01 Loan Modification

You can work with your lender to modify your loan. Often, this involves tacking the delinquent amount onto the backend of the loan. This route requires a lot of paperwork and your lender's approval. To qualify for a loan modification, your lender will usually require three basic qualifications before they will even consider a loan modification. These three qualifications are:

- You **must be employed** and **making 2x (Two Times) your monthly mortgage payment** per month, but you **can not be making more than 3x (Three Times)** your monthly mortgage payment per month.
- You must be **current on all of your taxes**
- You **can not** have filed for a **loan modification more than 2x** (Two Times) **in the last 12 months**

Potential Pitfalls:

- You do not meet the three basic qualifications for the loan modification.
- Lenders are notorious for delaying the approval or denial of your loan modification until last second before your auction date so if they deny it, you have no other options except for the property to go to auction resulting in them taking all of your equity + what you owe.
- Usually, it takes a while to get all of the paperwork from your lender (if they ever even actually send it), which can prevent you from getting it filled out and back to them in time for them to take it to underwriting to even try to approve/deny.
- Most lenders are very hard to get a hold of or get any actual, straight forward answers out of about anything.
- It commonly takes 30-45+ days for a lender to process and make a decision on your loan modification. Often, if the loan modification is approved, your monthly mortgage payment will increase, sometimes even double or triple. PLEASE make sure to verify your new monthly payment with your lender if you apply and are approved for a loanmodification!!!

Best Chance Success Steps:

- Verify that you understand and for sure meet the three basic qualifications listed above.
- Talk to your lender ASAP to have them send you the paperwork and if you have not received it within a week, call your lender every single day asking about it until you do receive it.
- Fill out and return the paperwork immediately and then follow up with your lender at least 3x (Three Times) per week asking about your approval or denial so that it doesn't get pushed off until the last second before your auction date.

How to Save Your Home From Foreclosure

02 Reinstatement/Personal Loan

You can contact friends and family that may be willing and able to help you out with a personal loan that would allow you to get back to good standing with your lender.

Potential Pitfalls:

- Mixing family or friends with business/finances is always hard and is often the cause of ruining that relationship when things don't go according to plan.
- This is a short-term bailout with your lender, but the money is still owed to your family member/friend.
- If they only catch the loan up to be current (and don't pay off the entire loan) then you're still responsible for paying your monthly mortgage payment immediately and now also owe on the personal loan.
- You could catch the loan up but if you can't afford the mortgage still, you could fall right back into the same situation a few months later and still owe on the personal loan as well.

Best Chance Success Steps:

- Write down a list of who you think may have the money available to lend, would be willing to lend it to you, and that you are okay asking to borrow from.
- Write down the math. Current Income - Your Necessary Expenses - Your Mortgage Payment = The balance you can apply to paying off the personal loan. Next, your Entire Personal Loan Balance divided by the monthly payment you can afford = total months to repay.
- Call on your list of people, explain the situation to them, explain the numbers your wrote down, how much you could pay them back each month, and how many months it would take to pay them back in total.
- Find someone that agrees to it, ask your lender for a current reinstatement balance, and then have your personal loan lender pay that amount to reinstate your mortgage.

How to Save Your Home From Foreclosure

03 Bankruptcy

First and foremost, we are not attorney's and this is not legal advice, but we can refer you to a bankruptcy attorney if this is a route you would like to explore. Chapter 13 bankruptcy can allow you to stop the foreclosure proceedings by establishing a repayment plan for all of your debts.

Potential Pitfalls:

- Chapter 13 repayment plans require you to repay your debts for a long time, between 3-5 years based on your situation.
- Often, you will have to provide paperwork for all assets and liabilities, your current income and expenses, a list of executory contracts and unexpired leases, a statement of financial affairs, copies of your previous years' tax returns, etc. and then provide a payment plan to the court for their approval. They typically will either approve your plan or tell you what their plan for you will be for how much you owe them each month and how much you will live off of. If you miss a payment during your bankruptcy, you will often default on the entire bankruptcy and they can take your assets- including your home.
- You must pay your debts with your "disposable" income (what remains after your necessities: food, shelter, medical care - are met), meaning the entire process will take all of your extra cash for the entire repayment period, which can last for up to 5 years.
- Bankruptcy doesn't take away your student loans.
- Unless there is a court order from a family court, bankruptcy does not get rid of alimony or child support obligations.
- Bankruptcy can stay on your record for up to 10 years before you can try to remove it from your credit report and may make it difficult to get loans from future lenders.
- If you were dismissed from a Chapter 7 or Chapter 13 bankruptcy in the last 180 days, you can not file for Chapter 13 bankruptcy.
- All of your credit cards will be canceled so you will no longer have access to using them but will still have to pay off any remaining debts.

Best Chance Success Steps:

- Meet with a bankruptcy attorney immediately to discuss your situation, if you qualify, and if this would be a good option for you.

Read and review the information on this website for a clearer understanding of bankruptcy: https://www.uscourts.gov/services-forms/bankruptcy/bankruptcy-basics/chapter-13-bankruptcy-basics

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04 Selling the House to Us

If you decide to sell your house, we can buy it! We will customize our offer to fit your needs and desires regarding things such as:

- Helping you relocate
- Allowing you to take what you want from the property and leave the rest behind
- Advancing you money before closing to cover moving costs
- Paying for all closing costs involved
- Not charging any commissions or fees
- Buying the property completely as-is
- Not requiring any official inspections by licensed inspectors
- Sometimes being able to give you a short period of time to continue living in the property after closing
- And most importantly, preventing your home from being foreclosed on and providing you with a fresh start!

We have multiple offer programs that we offer, such as our cash offer program, our “mortgage takeover” program, our white glove program, etc. We will underwrite your property for each of the offer programs we offer to see which would work best for you and put the most money in your pocket. If multiple programs are available to you and will work, we will present all of them to you, and you get to choose which works best for you!

When selling your home, trusting the buyer and knowing they have your best interest at heart is one of the most important things to consider. We hope to organically build the trust and credibility with you for you to know that we want nothing but the best for you, but don’t just take our word for it. Feel free to watch the dozens of video reviews from homeowners just like you that trusted us to buy their house! Click here to see our review videos!

How to Save Your Home From Foreclosure

MY REAL ESTATE SOLUTIONS

05 Deed in Lieu of Foreclosure

Important Note: Your lender has no obligation to accept a deed in lieu of foreclosure. It is at their full discretion whether to accept it or not if you are wanting to go this route.

A deed in lieu of foreclosure is an arrangement where you sign a deed over to your lender, making them the owner of the property without officially foreclosing on you. In doing so, the bank becomes the owner of the house, you are released from your mortgage responsibilities, and are able to avoid having a foreclosure on your credit, but you have turned over ownership to the bank, you do not keep the house, and you must vacate the property.

Although you avoid having a foreclosure on your credit for the next 7 years, a deed in lieu of foreclosure will show on your credit for the next 4 years, your credit will still take a hit, and if your lender forgives more than $600 of deficiency on your loan (the difference between what your property is worth and how much you owe), the IRS considers that income, and you will likely owe income tax on that amount.

Potential Pitfalls:

- Your lender has no obligation to accept a deed in lieu of foreclosure. They can go through their whole process of figuring out if they will agree to accept it or not, and then they can decide not to accept it right before your property is auctioned off.
- Some of the most common reasons for lenders to deny accepting a deed in lieu of foreclosure are if you owe more than the home is worth, if you have multiple other liens, tax judgements, second mortgages, etc. owed against the property, your property is deemed to be in too poor of condition, and if you have waited too late to request this option so it is too close to the auction date.

Best Chance Success Steps:

- If this is the option that you decide is best for you, get started on it right away. Contact your lender to ask if this is an option they provide and what you need to do to get the process started. If you already have an auction date scheduled, you are behind the eight ball already and time is running out, so act fast and with urgency.
- Hire an attorney or title company to perform a title search on your property so that you are fully aware of any liens, tax judgements, second mortgages, etc. showing up.
- Fix up any of the major things you know are wrong with the property (Soft spots in floors, broken windows, HVAC unit, plumbing leaks, faulty breakers, smoke/pet smells, etc.)

How to Save Your Home From Foreclosure

06 Short Sale

A short sale is when a homeowner sells their home for less than what they owe on the mortgage. The lender gets all of the proceeds from the sale, nothing will be paid to you, and then either forgives the difference or sues to get a deficiency judgment against the homeowner, which requires the homeowner to pay back the difference.

It is also important to note that a homeowner has to get approval from their lender before being able to complete a short sale, and the short sale process commonly takes 6-18 months to complete.

Potential Pitfalls:

- Your lender has no obligation to accept a short sale and can proceed with foreclosing, even if you are requesting a short sale. This leaves you with essentially zero negotiation power throughout this entire 6-18 month process.
- Since you owe more than the property is worth, you will not receive any proceeds from the sale of your property in a short sale.
- A short sale will still have a negative impact on your credit
- After a short sale is completed, it is common for lenders to require you to complete a 2 to 7 year waiting period before qualifying you for a new mortgage.
- In some circumstances, after the short sale is completed, the lender will still sue you for a deficiency judgment in an attempt to retrieve the remaining debt.

Best Chance Success Steps:

- If a short sale is the route you decide to go, you must act immediately by contacting your lender. This is a long process, typically lasting 6 to 18 months. The further behind you get and the closer to an auction date, the less likely the lender will be able and/or willing to work with you on a short sale.
- Make sure you have a plan on where you will be moving to and start saving for that expense. Once the house is sold, you will be required to vacate the property and will not be receiving any funds from the sale to help with that move.
- If the lender does sue for a deficiency judgment after the short sale is completed, in the state of Tennessee, you have the right to ask the court to limit the deficiency judgment amount based on the property's fair market value.

07 Listing with an Agent to Sell

You can list your property for sale on the MLS (Multiple Listing Service) with a real estate agent.

Potential Pitfalls:

- Many real estate agents will promise you the sun, the moon, and the stars with selling your property for a very high price, promising to get the auction canceled, and anything else they can just to get the listing. They typically have little to no experience with pre-foreclosure situations, and they have nothing to lose and everything to gain. We have had multiple agents and/or homeowners who decided to list the house call us less than a week before an auction date, begging for us to be able to buy the house and stop the auction. Oftentimes, at that point, it was too late for us to be able to help.
- Listing your home with an agent typically takes at the very least 60-90 days to prepare, list, show, accept an offer, and close, but with properties that are in need of work and selling as-is, it is not uncommon for them to be listed 6+ months, experience multiple price drops if not priced to sell immediately, and sometimes not selling at all.
- You will have to pay commissions, closing costs, and sometimes other concessions out of your own pocket.
- Most agents will not want to list a property as-is and will often push you to renovate or make repairs to the property or will not agree to list it as it's a lower commission and takes more work to sell for them.
- Most of the time, a cash buyer will be the one ending up buying the property anyways after it's been on the market for months and had multiple price drops, and you still have to pay commissions, closing costs, etc. because you went through an agent.
- The house may not qualify for any type of financing, so you may be limited to the pool of cash buyers, however, keep in mind that many cash buyers don't look on the MLS very often, so that buyer pool becomes even more limited.

Best Chance Success Steps:

- Fix any major issues that you can that would help the property qualify for more types of financing and make it more appealing to buyers
- Find an agent experienced in listing homes as-is (usually not a super successful agent as they won't give an as-is listing the time of day, but someone that has been licensed for 6-18 months)
- List it ASAP and price it to sell quickly. Agents, especially somewhat inexperienced agents, will often want to push the price as high as possible to get the listing and try to get a higher commission, resulting in the property not selling quickly at all

How to Save Your Home From Foreclosure

08 Partial Claim

Important Note: This option is only available for FHA-backed loans

If approved for a standalone partial claim, your mortgage arrears owed will be placed in a zero interest subordinate lien against the property. It does not require payment until the last mortgage payment is made, the loan is refinanced, or the property is sold, whichever occurs first.

Potential Pitfalls:

- One of the main hiccups in getting approved for a stand alone partial claim is that you must prove to the lender that you can afford to resume paying your regular mortgage payments immediately after approval and they will often schedule multiple auction dates over the next 6-12 months while testing to see if you actually make the payments. If you miss a payment, that auction date can take effect and you are right back in pre-foreclosure.
- For most homeowners in a pre-foreclosure situation, this option just allows them to kick the can down the road a little bit. It does not fix the root issue that caused them to be in this situation in the first place. So it is extremely common for a homeowner to end right back up in pre-foreclosure again 3-4 months after getting a partial claim. We see this every single day with the homeowners we work with.
- Not only do these homeowners commonly end back up in pre-foreclosure shortly after a partial claim is done, but now they have another loan on the property for $20,000, $30,000, $40,000+, which becomes a problem when trying to complete any of the other options on this list because they commonly just owe too much at that point.
- You will be required to submit a lot of paperwork, including a loss mitigation application, a financial statement, a hardship affidavit, and proof of income and expenses. You will be on your own to complete all of this and get it back to your lender quickly enough for them to review and approve or deny it before your auction date. If you mess even one little thing up (miss a signature box, misspell something important, etc.), then that can be grounds for your lender to throw it out and require you to restart the paperwork.

Best Chance Success Steps:

- Contact your lender immediately, explain your situation honestly, and cooperate with all of their requests, as there will be many, many hoops to jump through. You should also immediately review your budget, cut out all of your unnecessary expenses, and start saving as much as you can. 110% make sure you can afford the normal monthly mortgage payments if your partial claim is approved, or else you have just wasted your time and energy and made the entire situation worse for yourself.

How to Save Your Home From Foreclosure

09 Forbearance

Important Note: If you are approved for forbearance, all of the payments, fees, and interest that accrued during your grace period will typically all be due at once when that grace period is over. Please make sure to read the fine print before agreeing and signing for forbearance!!!

Forbearance refers to an agreement made between you and your lender in the event that you're unable to pay your monthly mortgage payment, most commonly because of recent job loss. The lender freezes your payment requirements for a set amount of time. After that set amount of time, you would be required to continue your monthly mortgage payments, pay back the balance owed, and any interest or fees that have accrued during your grace period.

Potential Pitfalls:

- Unless there are extreme circumstances, such as Covid-19 shutting down the country, if you are already multiple months behind on your mortgage payments, it is unlikely that your lender will agree to forbearance terms.
- Trying to use forbearance as a long term solution will typically put you in an even worse situation later on down the road when the forbearance period ends, as you will have to resume your normal monthly payments and pay back a large sum that has accrued all at once

Best Chance Success Steps:

- You MUST reach out to your lender ASAP once you realize you won't be able to make your monthly mortgage payment because of a hardship. The earlier you reach out to your lender, the more likely they will be willing to work with you.
- When you reach out to your lender, make sure you have prepared an overview of your financial hardship, your monthly income, an itemized list of your monthly expenses, and any unemployment benefits you receive (if applicable).
- If they agree to move forward with the process, make sure to have your two most recent pay stubs, two recent bank statements, a full list of all your debts and assets, and your last two federal tax returns.

10 Tennessee Homeowner Assistance Fund

Disclaimer: We are not sure if this is still available to Tennessee homeowners. Some sources say the funding ended in September 2023

The Tennessee Housing Development Agency (THDA) is a State agency that was established by the Tennessee General Assembly in 1973 (TCA 13-23-120). THDA is committed to the belief that housing is a basic human need that has profound impacts, both social and economic, on individuals and communities. Safe, sound, affordable housing is essential to a healthy household, educational achievement, successful employment, and the stability and safety of the neighborhood. The Homeowners Assistance Fund was established under Section 3206 of The American Rescue Plan Act of 2021. The combined assistance provided under the HAF program is $9.9 billion to be administered to states, territories and tribal governments. Of that amount the state of Tennessee was allocated $168,239,035. With approval provided by the office of the Governor, the Tennessee Housing Development Agency (THDA) will administer the HAF funds to those eligible homeowners experiencing a financial hardship related to the Covid-19 pandemic. TNHAF homeowner application process will be provided through a digital platform accessible through desktops, laptops and handheld devices. Link to the TNHAF website and Frequently Asked Questions
(FAQ's): https://thda.org/help-for-homeowners/haf