

# FREE REPORT

## Seven Must-Know Facts About Short Sales and Foreclosures

In the wake of a challenging and swiftly changing society, it's estimated that in our current market one out of seven homeowners are unable to make their current mortgage payments. For consumers faced with this frightening and stressful situation, the good news is that no one has to go it alone. Having the right advocate, armed with all the right information and documentation can make the difference between avoiding foreclosure and successfully negotiating a sale of your house.

Let's take a look at seven must-know facts about this tough issue and hopefully open a few doors to answers and options for you:

- 1. Foreclosure is not your only recourse:** With the Presidential administration, the Federal Treasury, Fannie Mae, Freddie Mac, FHFA, HUD, as well as the nation's servicers and lenders—including investors—all lined up with a renewed and direct focus on doing what's necessary to keep properties out of foreclosure, there's never been more help for homeowners in trouble than there is today. Consider this: according to one national study, lenders lose an average of 19% on short sales compared to an average of more than 40% on foreclosures. That's powerful.
- 2. It is important to know what you don't know:** As a consumer in the throws of financial crisis, it's very difficult to be objective and to see every side of the equation in front of you. Working with a real estate professional who specializes in short sales allows you greater bargaining power, clearer insight and the advantage of having an experienced professional negotiate on your behalf. Much as you would hire an attorney to represent you in a court of law, having an experienced agent in your corner is not only a comfort, but your best recourse for ensuring your family's interests are protected.
- 3. Not just ANY agent:** The difference between working with a designated short sale or distressed property expert and just any agent is enormous. Without the proper training, systems and solutions in place, you could be at risk of additional financial burdens. Lenders are increasingly specific on what it takes to push through the many options that are available to you. Short sales, for example, have just a 20% closing ratio on average when submitted by an untrained agent, whereas that closing ratio can jump to 80-90% with the proper system and training.
- 4. Know the difference between a short sale and foreclosure:** The primary difference in the two lies in the effects on your long-term consumer credit. Let's take a look at some of the differences:

**Short Sales:** Negotiated settlement, seller's credit is bruised – not ruined, no attorney fees, peace of mind, you can buy again in two years, all liens are negotiated

**Foreclosure:** Court settlement, seller's credit damaged long term, usually large attorney fees, very little peace of mind, buy again in 10 years, all liens are exhausted

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- 5. The three stages of foreclosure.** It's fairly simple: Pre-foreclosure, foreclosure and post-foreclosure. It is in this first stage where a homeowner can get help to lessen their credit damage and get out from under a tough situation. Obviously, the earlier in the process you ask for help, the more options will be available to you.
- 6. Documentation is critical.** When you're dealing with financial institutions, documentation is everything. Be prepared to furnish the following at the very least: the last two years' tax returns, two months of latest pay stubs, and six months of recent bank statements, together with a short sale letter of explanation. Every lender is different, and an experience distressed property specialist will instruct you every step of the way on exactly what documentation you'll need to prepare an acceptable hardship package. Keep in mind, in today's often bogged down system, it doesn't pay to take any short cuts. Follow your agent's advice to the letter to better your chances at a successful resolution to your mortgage crisis.
- 7. Be careful.** Unfortunately, the current financial crunch being felt by so many in a shifting economy can bring out the very unscrupulous in our society. There are a tremendous amount of predatory characters out there eager to take advantage of families experiencing tough financial decisions. You'll find them asking for money up front, or your signature which can remove you from the deed to your property but not the mortgage. Always talk to an experienced real estate agent or attorney before signing anything.

Helping families in distress is what I do best. I believe that no one should have to weigh these financial options alone and know that having an advocate on your side can not only help you best resolve your situation, but allow you to more quickly find peace of mind as well.

I'm here if you need me with answers to all the many questions you might have. I invite you to also to share this valuable information with anyone you know who is facing a mortgage crisis. Everyone deserves a resource they can trust.

I look forward to helping you. Give me a call today!

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