

# MISSING MORTGAGE PAYMENTS?

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*Payment Due!*



## It's not too late...

Prepared Exclusively for: Our Neighbor



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## MISSING MORTGAGE PAYMENTS?

### It's not too late...

A recent report from Lender Processing Services found that 6.38 million Americans had missed a mortgage payment in April 2011. Most economists project at least 2 million households will be foreclosed on by the end of the year. Unfortunately, too few realize that there are trained real estate professionals like Certified Distressed Property Experts (CDPEs) that can help homeowners avoid foreclosure. If you or someone you know is having difficulties paying a mortgage, the most important thing to do is get help today!

I've created this report to help homeowners know what to expect, what foreclosure options are available, and the first steps that should be taken to get back on the path to financial stability.

### Mortgage Payments Missed:

#### What every homeowner should know

What should a homeowner expect when payments are missed? How long until the bank physically forecloses and takes the house back?

On average, it takes at least 120 days for a bank to fully foreclose on a property, depending on state laws and local backlogs. This doesn't mean a homeowner should put off the inevitable. The more time a homeowner has to develop a strategy to avoid foreclosure the better.

No matter what stage of default homeowners are in the following list, they should get help immediately.

*30 Days Late:* The lender will attempt phone contact or send a notice in the mail.

*60 Days Late:* The lender will attempt to make contact by phone and follow up with another letter in the mail.

*90 Days Late:* The lender will send a letter demanding all past due amounts within 30 days and start the foreclosure process.

*120 Days or More Late:* The lender's attorneys will take over and the homeowner will be responsible for their fees in addition to missed mortgage payments and the loan amount due.

### Stop the Stress: Take These Important First Steps

#### Step #1: Contact the lender

Whether the homeowner has never missed a payment or is one or more months behind, it is important to contact the lender as soon as possible. It may be hard to believe, but the lender is interested in

avoiding foreclosure, too. It doesn't want to own the home because the expense of maintaining and selling it increases losses. The lender would rather the homeowner either stay in the property or sell the home in a possible short sale situation (more on short sales in a bit).

Communicating with the lender will show it that the homeowner is trying to work towards a solution that will benefit all parties.

#### Step #2: Put together financial information

One of the first things a lender will want to review when a homeowner contacts them are financials. The homeowner should gather at least three months' bank statements for all bank accounts or assets, including stocks or other investments. The lender wants to verify that the homeowner is truly suffering a hardship in order to help resolve the unaffordable mortgage.

#### Step #3: Contact a trained professional

At this point, the homeowner will want to contact a trained professional like me, who has extensive training and experience in helping homeowners navigate through foreclosure avoidance options. I can show the homeowner alternatives that will help in making an educated decision. I can also help put together complete financial information for submission to the lender to help prove a hardship.

#### Step #4: Learn your options

Together, a homeowner and I can review options and decide upon a strategy that makes the most sense.

Here are some of the alternatives available to homeowners:

##### *Reinstatement*

- **Benefit:** Does not require the mortgage company or lender's approval.
- **Drawback:** Requires that a homeowner be able to pay all back payments and fees.

##### *Forbearance or Repayment Plan*

- **Benefit:** Allows the homeowner to make back payments over time.
- **Drawback:** Requires that a homeowner be in a financial position to pay not only their current mortgage, but also a portion of the back payments owed.

##### *Mortgage Modification*

- **Benefit:** Reduces the payment a homeowner is required to make on a monthly basis and may reduce the principal balance of the loan



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- Drawback: Requires that a homeowner 'qualify' for the new payment and will often require full documentation.

#### *Rent the Property*

- Benefit: Allows homeowner to keep property indefinitely.
- Drawback: The issues that can arise with a rental property are many, and rent often does not cover the full cost of property ownership and maintenance.

#### *Deed in Lieu of Foreclosure*

- Benefit: Many times in a successful deed in lieu, the lender will forego their right to a deficiency judgment.
- Drawback: Requires that a homeowner vacate the property, and a deed in lieu may be reported to credit bureaus as a foreclosure.

#### *Bankruptcy*

- Benefit: Does not require lender approval.
- Drawback: If a homeowner cannot afford their mortgage payment, a bankruptcy will only stall—not stop—the foreclosure process.

#### *Refinance*

- Benefit: In some cases, this will lower payments.
- Drawback: In today's market, a refinance will almost always raise mortgage payments, and is an expensive process.

#### *Servicemembers Civil Relief Act (military personnel only)*

- Benefit: If qualified, this will lower payments on all consumer debt in addition to mortgage payments.
- Drawback: Must be active military to qualify.

#### *Sell the Property*

- Benefit: Allows homeowner to avoid foreclosure and harvest some of their equity.
- Drawback: In many cases today, homeowners do not have sufficient equity to sell their property without negotiating a short sale (see next solution).

#### *Short Sale*

- Benefit: A short sale allows the homeowner to avoid foreclosure and salvage some of their credit rating. This also keeps foreclosure off the individual's public record, and in many cases will allow the homeowner to avoid a deficiency judgment. Borrower may qualify for another mortgage in as little as 24 months (as opposed to five years for a foreclosure).
- Drawback: Short sales can be a trying process in which a homeowner is best served by contracting with a qualified real estate agent to guide the way.

#### **Step #5: Take action**

Once the required information is gathered and it's established which foreclosure alternative option is best, it's time to take action. Because time is of the essence in a potential foreclosure situation, it's important that the homeowner and I work diligently to resolve the challenge quickly and effectively.

#### **If You're Reading This You're Already Off to a Great Start**

It is understandably difficult to start the process of getting help. Along with the reality of foreclosure comes the emotional struggle of being in a situation that most never thought they'd ever be in.

It's important to know that this challenge can be overcome when a homeowner has the right person on his or her side. In my experience, this helps homeowners alleviate the stress of not knowing what to do in a seemingly hopeless situation. There is financial stability on the horizon, and I can help put a homeowner on the path to get there.

Call today, and let's get started on the journey of overcoming this challenge and getting you or someone you care about some peace of mind and hope for the future.

### **Place Your Confidence in CDPE**



CERTIFIED DISTRESSED  
PROPERTY EXPERT™

With the right assistance, the stress of facing foreclosure becomes manageable. CDPE-designated agents have received the knowledge and training necessary to assess all possible foreclosure alternatives and pursue homeowners' best options. A CDPE-designated agent attends several days of intensive, thorough training on foreclosure avoidance and how to negotiate short sales efficiently and ethically. The highly regarded CDPE logo means you are working with the most informed, up-to-date resource available.